

The World Bank's 'World Development Report 2016: Digital Dividends' was prepared under the joint leadership of President Toomas Hendrik Ilves and World Bank Chief Economist Kaushik Basu, and the head of state attended its first presentation in Washington today.

President Ilves emphasised that the digital development of a state leads to better involvement of people in social processes and innovation that boosts the economy. "The experience of Estonia shows that internet access alone is not enough to reap the benefits of digital development, as most of the work has to be done at the level of state governance, legislation and education," he added.

Estonia has the unique opportunity to share the experience gained from the development of the e-state and to shape the way of thinking in this area, especially in emerging countries and international organisations. President Ilves emphasised that based on its own experience, Estonia considers it important that the means aimed at emerging countries are used for the development of information and communications technology in areas where it is effective in building state systems.

The report highlights Estonia as a positive example of how various technical solutions can be the foundation of democracy and transparency and support economic development. "Estonia's e-solutions not only set an example to the rest of Europe, but have drawn attention to themselves all over the world," President Ilves said. "In that sense, the invitation to co-direct the steering group on the World Development Report is a mark of recognition first and foremost for Estonia."

The new World Bank report says that while the internet, mobile phones and other digital technologies are spreading rapidly throughout the developing world, the anticipated digital dividends of higher growth, more jobs, and better public services have fallen short of expectations, and 60 percent of the world's population remains excluded from the ever-expanding digital economy. Although the number of internet users worldwide has more than tripled since 2005, four billion people still lack access to the internet.

"Digital technologies are transforming the worlds of business, work, and government," said Jim Yong Kim, President of the World Bank Group. "We must continue to connect everyone and leave no one behind because the cost of lost opportunities is enormous. But for digital dividends

to be widely shared among all parts of society, countries also need to improve their business climate, invest in people's education and health, and promote good governance."

The World Bank's report on digital issues focuses on the information technology solutions that help states further their economic development, equality and the efficiency of the public sector. The study gives advice about the information technology solutions states and international organisations could finance and implement.

One of the main messages of the report is that information and communications technology (ICT) brings maximum benefits or dividends on investments in the countries that have established a strong state based on the rule of law, implement good governance and have carried out extensive reforms that support digital solutions. Otherwise, technology may become a risk, e.g. lead to the strengthening of the elite and authoritarian regimes and increase the digital divide.

The World Bank suggests two main actions: closing the digital divide by making the internet universal, affordable, open, and safe; and strengthening regulations that ensure competition among business, adapting workers' skills to the demands of the new economy, and fostering accountable institutions—measures which the report calls analog complements to digital investments.

Investing in basic infrastructure, reducing the cost of doing business, lower trade barriers, facilitating entry of start-ups, strengthening competition authorities, and facilitating competition across digital platforms are some of the measures suggested in the World Development Report that can make businesses more productive and innovative. In addition, while basic literacy remains essential for children, teaching advanced cognitive and critical thinking skills and foundational training in advanced, technical ICT systems will be key as the internet spreads.

"The education system has an important role in improving the skills of people," said President Ilves. "Using Estonia as an example, I can say that teaching digital skills at an early age develops IT literacy and influences career decisions."

Digital technologies can promote inclusion, efficiency, and innovation. More than forty percent of adults in East Africa pay their utility bills using a mobile phone. There are eight million

entrepreneurs in China—one-third of them women—who use an e-commerce platform to sell goods nationally and export to 120 countries. India has provided unique digital identification to nearly one billion people in five years, and increased access and reduced corruption in public services. And in public health services, simple SMS messages have proven effective in reminding people living with HIV to take their lifesaving drugs.

"The digital revolution is transforming the world, aiding information flows, and facilitating the rise of developing nations that are able to take advantage of these new opportunities," said Kaushik Basu, World Bank Chief Economist. "It is an amazing transformation that today 40 percent of the world's population is connected by the internet. While these achievements are to be celebrated, this is also occasion to be mindful that we do not create a new underclass. With nearly 20 percent of the world's population unable to read and write, the spread of digital technologies alone is unlikely to spell the end of the global knowledge divide."

The World Bank Group is an international organisation whose aim is primarily to reduce poverty and improve people's standard of living. To this end it offers countries with low and average incomes loans, strategic advice, technical support and shared experience.

As a highly developed country, Estonia is supporting the operations of the World Bank Group and the publication of the 2016 report, guided by the country's development cooperation strategy, one of the priorities of which is supporting areas that promote the more widespread implementation of information and communication technology. In addition to the head of state, the Ministry of Foreign Affairs, the Ministry of Economic Affairs and Communications and scientists from the University of Tartu also helped prepare the report.

Over the last decade, the World Bank Group has invested a total US\$12.6 billion in ICTs.

The other members of the steering group of the World Bank's 2016 report are World Bank Chief Economist Kaushik Basu; former Swedish Prime Minister and Minister for Foreign Affairs Carl Bildt; spokesperson for the Chilean technology industry Yessica Cartajena; Ghanaian information technology expert Dorothy Gordon; Professor Richard Heeks; information technology expert Monica Kerretts-Makau; lecturer at Peking University Feng Lu; Indian IT spokesperson and founder of Infosys, one of the world's largest IT companies, Narayana Murthy; chief economist at Google Hal Varian; head of the Omani IT Authority Salim al Ruzaiqi; and Professor Paul Romer.

The report can be downloaded here: <https://openknowledge.worldbank.org/handle/10986/23347>

Further information: <http://live.worldbank.org/world-development-report-2016>

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