



# The World Bank

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## **WORLD BANK HIGHLIGHTS ROLE OF PRIVATE AND PUBLIC SECTORS IN CLOSING DIGITAL DIVIDE**

**WASHINGTON, February 28, 2005** - The World Bank has issued a draft report that emphasizes the role of public-private partnerships in ensuring that more people in the developing world can access modern tools of communication.

The draft report, entitled *Financing Information and Communication Infrastructure Needs in the Developing World: Public and Private Roles*, suggests that considerable progress has been made in narrowing the digital divide over the last ten years, but much remains to be done. Rapid technological expansion over the past decade has resulted in as many as one half of the world's households having a fixed telephone line, and as much as 77 percent of the World's population is under the signal footprint of a mobile phone provider. However, many people in developing countries, particularly Africa, lack access to basic tools of communication.

Throughout the developing world, access to more advanced services such as Internet servers, broadband and international bandwidth, lags considerably. Africa-US international communications bandwidth is one-three-hundredth of Europe-US bandwidth for example, despite Africa's trade flows to the US being greater than 10 percent of Europe-US flows.

The report notes that the private sector has invested over \$210 billion in telecommunications capacity in developing countries over the last ten years, and attracting further private investment remains one key part of the strategy to narrow the digital divide. In this regard, countries with well regulated private competition in telecommunications see higher investment and more rapid rollout of services. Internet usage in low income countries grew more than twice as fast over the 1998-2000 period in countries which had largely completed the telecommunications reform agenda (as measured by the level of competition across the sector) than in countries where reform had been slower.

But even with greater private involvement, gaps will remain. *"Two competing assumptions regarding the build-out of information and communications infrastructure (ICI) in developing countries are that 'the private sector alone is enough' and 'the government must take the lead role.'* In fact, both have crucial roles to play," states Mohsen **Khalil, Director of the World Bank Group's Global ICT Department**, in the preface to the report.

The report calls on governments to utilize their roles as consumer of information and communications services as well as providers of other utility services to leverage rollout. It also discusses a number of innovative subsidy and investment models that have extended access to the previously unserved. The report notes the relatively small role of the donor community in terms of overall financing, but describes a number of cases where donors have leveraged and catalyzed private flows to meet rollout objectives.

*"The World Bank Group stands ready to continue and increase support to its client countries in developing the ICI sector through a number of instruments,"* emphasizes Moshen Khalil in the report's preface. These include grants, loans, guarantees, investments and advisory services. One example of the World Bank's work in the

sector cited in the report is assistance for Uganda's Rural Communications Development Fund. This fund, with the support of \$5 million from the World Bank, subsidized the provision of 800 public phones in previously unserved rural areas and 32 Internet points of presence in district capitals.

The World Bank issued the draft report to coincide with the recent Second Preparatory Committee Meeting in Geneva for the World Summit on the Information Society, which will take place in Tunis in November this year.

The draft report is available at [www.worldbank.org/ict](http://www.worldbank.org/ict)

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