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Who pays for the Information Society?

**Challenges and Issues
on financing
the Information Society**



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Introduction

The issues of financing the information society and bridging the digital divide will be at the heart of the second phase of the World Summit on the Information Society (WSIS), to be held in Tunis, in November 2005. During the first phase of the Summit, in Geneva, in December 2003, the governments present committed themselves to making the fight against the digital divide a political priority and to implementing a «digital solidarity agenda» by 2015. These measures are set out in an Action Plan. The Summit's policy document states that this digital solidarity agenda is aimed at «*putting in place the conditions for mobilizing human, financial and technological resources for inclusion of all men and women in the emerging Information Society*».¹ These measures should be implemented by 2015 and involve a commitment to create community access points in villages and rural areas; connect public libraries, schools, health centres and hospitals; and ensure all citizens have access to radio services.²

At Geneva, there was a consensus among governments on the objectives to be achieved. However, many differences emerged in relation to the resources that should be made available to finance bridging the digital divide. The heads of state could not reach agreement on this point and mandated the Secretary General of the United Nations, Kofi Annan, to set up a Task Force to evaluate existing financing mechanisms. As the Action Plan emphasises, the results of this study will serve as a basis for negotiations in the second phase and «improvements and innovations of financing mechanisms will be considered including the effectiveness, the feasibility and the creation of a voluntary Digital Solidarity Fund».³ The Task Force was coordinated by the United Nations Development Programme (UNDP) and com-

pleted its work in December 2004, with publication of the report «*Financing ICTD. A review of trends and an analysis of gaps and promising practices*».

For *developing countries*, there is an enormous amount at stake in this discussion. First, in terms of needs. There have been no precise estimates of the sums necessary to achieve the WSIS Action Plan's ambitious objectives. According to some projections though, between US\$ 80 and 100 million per year for ten years will be needed to build the infrastructure, subsidise about 600 million households unable to afford the telephone costs, supply computers and provide internet access at public places and schools.

Second, in terms of the available resources. The issue of resources is all the more urgent because the recent reform of the accounting rate system has deprived developing countries of one of their most important sources of revenue. According to the International Telecommunications Union (ITU), developing countries received between US\$ five and ten million per year as their share of charges prior to 1997. The system was therefore a substantial source of revenue for some countries, revenue which was usually invested in the local and national telecommunications sector. However, in 1997, the US Federal Communications Commission (FCC) unilaterally decided to halve the payments made under the accounting rate system. No political consensus could be found within the ITU, despite a certain number of studies and conferences on this issue, and the system was *de facto* abandoned. In 2001, no less than half of international traffic already flowed outside the traditional accounting rate system.

The debate on the options for financing the information society is also an important issue for *international civil society organisations* involved in the WSIS process, with regard to both content and governance.

1 World Summit on the Information Society Action Plan, § 27, December 2003

2 Ibidem, § 4-6.

3 Ibidem, § 27.

With regard to content, the question of financing touches on fundamental questions to do with the role of the state, the definition of public services, liberalisation, the potential for and the limits to private sector investment and the role of small and medium sized enterprises (SMEs). It also implies a vision of development, a definition of the needs and priorities of local populations, in India, Uganda and Guatemala etc. These needs are plural, multiple and diverse. The civil society actors who have been working in the field for decades to establish local radios, community access points and wireless connections, have an essential contribution to make to this debate. However, in order for these actors to make their voices heard, they must be able to bring their expertise and knowledge to bear on the governance of the information society. In other words, they must be able to participate in the debate. During the first phase of WSIS, there was a lot of talk about tripartite governance. Some actors spoke of WSIS as «a different kind of summit» which would serve as a model for governance during the 21st century. Others more modestly spoke of the need to involve all actors – governments, civil society and the private sector – in the search for innovative policies and solutions. However, the call for tripartism and consultation with all sectors seems to disappear as soon as the issue of financing is raised. It is as though only the opinions of the governments and the private sector are taken into account as soon as the political debate centers on the question of financial resources. Unlike those used by the working group on internet governance, coordinated by the Swiss ambassador Markus Kummer, the working procedures of the Task Force on Financing Mechanisms (TFFM) were not open and transparent. Civil society representatives were under-represented in the Task Force. Selection procedures were unclear and nobody was aware of the criteria used. How to promote civil society participation in the rest of the debate therefore remains a crucial question for the second phase of the summit.

Repères

This issue of «*Repères*» does not aim to deal with all aspects of such a complex issue as bridging the digital divide and financing a more equitable information society. It aims to highlight some of the issues and, in this way, contribute to promoting the active participation of non-governmental actors in this discussion on financing the information society. It is the product of the work and cooperation of various Swiss civil society actors, specialists in economic or development issues, and members of the Comunica-ch coalition. Our approach focuses on development policy: we want to relocate the WSIS debates within the framework of a broader debate on globalisation and the financing of development. Information and communication cannot be understood separately from other political and economic realities and the WSIS cannot isolate itself from other forums of global governance.

This booklet is in two parts. The *first part* is a critique of the debates and work on financing so far conducted by the WSIS. The first text therefore analyses the final report of the «Task force on financial mechanisms» (TFFM), with a view to highlighting the political and economic visions and paradigms that underlie the debates.

These visions of the WSIS do not exist in isolation. They reflect a context and historic changes that have profoundly altered the landscape of the information society in the course of the last 20 years. Among the important changes, we must of course mention the liberalisation of the telecommunications sector, which began in the 1970s, in the United States, and then spread ten years later to Europe and the Asian, Latin American and African continents. This process of liberalisation was endorsed and continued by the World Trade Organisation (WTO), with the signature of the Agreement on Basic Telecommunications in 1997 by 70 countries. This agreement severely limited the state's options for financing the information society. The second text reviews this process.

The *second part* of the booklet focuses more on proposals. We propose to give a certain number of inputs to the WSIS debate, especially on the issue of international public financing or official development aid. Analysis of the context and the positions of the WSIS reveals, in our opinion, two important bias:

- Excessive optimism about the capacity of the private sector and direct foreign investment to respond to the specific needs of development;
- A lack of transparency and detail in its analysis of needs and resources with regard to official development aid (ODA).

There are sectors of the information society that cannot be profitable in the short term, but for which financing must be ensured. These include the development of infrastructure in rural zones and isolated regions, where the population's purchasing power is weak; the establishment of radios and community access points; the creation of content in local languages and the safeguarding of the cultural heritage. These projects cannot be solely implemented with private capital and it is an illusion to imagine that the market can provide for all the needs of an equitable public service and information society.

What official development aid is available to fill the gaps left by the market? What innovative financing initiatives and mechanisms are possible? The second part of the booklet focuses on these kind of questions. In the third text, we ask whether there is any official development aid left over to finance information and communication. As the response is not optimistic, it seems essential that a transparent debate should take place at the WSIS on this question. Recognition of this fact should not lead to an acceptance of failure: it can open the door to innovative ideas on possible financing mechanisms. Our publication focuses on two innovative kinds of financing mechanisms: global taxes on the information society and the creation of a digital solidarity fund (fourth text).

Historically, several innovative proposals, or global taxes, for financing the information society have been put forward since the 1980s, within the International Telecommunications Union, UNESCO and the United Nations Development Programme (UNDP). These proposals included calls for a tax on the use of orbital space, the licensing of electromagnetic frequencies and a tax on commercial Internet domain names. So far, no proposal has been the object of serious and detailed debate at the United Nations, but it is now time to move on to the analysis of these proposals. One way forward seems particularly interesting: the introduction of a tax on commercial Internet domain names. A Bread For All study⁴ showed that such a tax on .ch domain names could raise about 11 million CHF per year in Switzerland. The charge – which would be no more than a simple increase in the charges already levied on domain names – would be a negligible amount for companies. These alternatives are credible and should be the object of a proper debate in the WSIS process.

The fourth and final text of this publication is a critical analysis of another innovative financing mechanism: the Digital Solidarity Fund (DSF). Proposed during the first phase of WSIS by the President of Senegal, A. Wade, the DSF has provoked serious differences of opinion within government delegations. Formally, the decision about whether to create a fund was postponed to the second phase of the Summit, and this issue threatens to occupy a significant place in the discussions to come. However, in practical terms, implementation of the project has already begun, with the creation of a Foundation, based in Geneva. The Fund's originality lies in two points: 1) the leadership role given to local groups in a financing mechanism for international cooperation, and 2) the creation of a permanent mechanism for collecting resources by levying a charge on private company profits rather than issuing a public appeal for donations. Conceived

⁴ «Possibilités de financement dans la société de l'information: recherche de données sur la Suisse», Joelle Carron, in cooperation with Chantal Peyer, October 2004. Available at: www.ppp.ch/communication

as a response to the structural inequalities of the information society, the DSF, in its current form, does not seem to avoid the classic limitations suffered by multilateral funds: the fragmentation of financing into projects and the lack of representation from the South and civil society. Although we have to wait to be able to make an initial evaluation of the DSF (which will be launched in 2005), there are fears that the DSF, despite its potential, will suffer from the strong tendency of international cooperation to fragment international solidarity, under the management of the North.

We do not think we have all the answers to these questions: the debate has only just begun. The important thing is that it takes place, in Switzerland, and at the WSIS.

Lausanne, January 2005

Comunica-ch

Comunica-ch is a coalition of Swiss non-governmental organisations (NGOs), civil society and media representatives, who work on information society issues. Created in November 2002, Comunica-ch has 20 subscribing members and a vast network of supporters. The common objectives of Comunica-ch members are to:

- Create skills and knowledge synergies on information society issues;
- Coordinate the work of Swiss civil society, with a view to preparing joint proposals and organising lobbying activities, especially for the World Summit on the Information Society (WSIS);
- Publicise information society issues in general, and the WSIS in particular, to the Swiss public.

Information: www.comunica-ch.net

Financing Paradigms in the WSIS Process

Seán Ó Siochrú

Introduction

In the World Summit on the Information Society (WSIS) Declaration and Action Plan, strategies and approaches to Information and Communication Technology (ICT) development, especially infrastructure, are very narrowly drawn: The market and competition are seen as the most appropriate structure for the sector and only where these fail should anything else be considered. Private capital is the overwhelming investor, for which the government must create a friendly and attractive environment. Public or community ownership, deployment or management of infrastructure are notably absent, though partnerships are emphasised.

On the other hand, in principle, a range of financing mechanisms and instruments are admissible and should be encouraged, from International Financial Institutions (IFIs) to Overseas Development Aid (ODA), and even new mechanisms explored. Indeed, the basis of the Task Force on Financing Mechanisms is laid with the words:

«While all existing financial mechanisms should be fully explored, a thorough review of their adequacy in meeting the challenges of ICT for development should be completed by the end of December 2004. This review will be conducted by a Task Force ...»

Thus both the WSIS Declaration and the Action Plan exhibit a contrast between, on the one hand, promoting the market and private investment as the core dynamic, and on the other, encouraging a wide range of international and national financial instruments. The point of tension is twofold. First, drawing attention to the need to deploy a wide variety of

funding mechanisms suggests that private funding and the market alone may fail to generate the resources needed to bridge existing and emerging gaps. Second, certain financing mechanisms are integrally linked to forms of deployment and ownership other than the market and private ownership. This paper examines how the Task Force on Financing Mechanisms has moved these issues forward.

The task force on financing mechanisms: overview and history

The historical picture painted by the Report of the Task Force is as follows.

There has been a major shift away from monopolies, public ownership and public investment in telecommunication and ICTs since the 1990s, towards private sector ownership and funding, and competitive provision. multilateral development banks (MDBs) and ODA, too, have shifted their loans and grants away from the public sector and towards private sector and the promotion of a competitive environment. In more recent years, the fall in foreign direct investment (FDI) from the North is somewhat compensated for by new investment emerging from Brazil, China, India and other developing countries. Historically, this has meant a major boost to investment in ICTs in the South that, though faltering with the downturn in 1999, is now picking up again.

So far, there is little to disagree with.

However, this central dynamic subtly shifts in the Report from being a *historical* statement to a *normative* one. A *specific* form of liberalisation – private investment and competitive markets in all ICT components – is presented as having been the *only effective means* to achieve progress, and its continuation into the future is portrayed as the *sole credible* way forward.

Much empirical evidence contradicts this. Publicly-owned networks from the mid 1980s to the mid 1990s in many middle income countries were highly successful in digital network growth, including into rural areas, examples including South Korea, Turkey, Portugal and Thailand.¹ Furthermore, the move away from international MDBs and International Monetary Fund (IMF) loans for public telecommunication infrastructure was not, as the report suggests, a consequence of falling demand for loans as private investment grew. Rather, lending agencies refused to provide such loans in a concerted effort to prise open these markets for FDI, encouraged by wealthy countries and corporations.² One effect was to reward those most willing or able to privatise and liberalise, for instance favouring Latin America but penalising Africa.³

Again, the point here is not to raise these issues anew, or to defend wasteful, corrupt or neglected government networks. Nor to understate the gains achieved in certain areas. The issue is the credibility of the solutions now being proposed. Historical inaccuracy and bias may be merely unfortunate; but their implications for solutions are far more serious if they serve to *significantly constrain a full consideration of emerging ICT paradigms and possibilities*.

The Report's key weakness is an uncritical promotion of the market-driven, private-investment private-ownership model especially of ICT infrastructure, coupled with the exclusion of other options from serious consideration. As a result, it would fail any test of 'future-proofing'.

1 Seán Ó Siochrú, 1996 *Telecommunication and Universal Service*, IDRC, Table A1 – A3.

2 For an early analysis and alternative approach to ICT development, see Bella Mody, Johannes Bauer and Joseph Straubhaar (eds), *Telecommunications Politics, Ownership and Control of the Information Highways in Developing Countries*, EAS Publishers, 1995.

3 Guermazi, B 2004 'Accounting Rates: A Developing Country Perspective' in Gerardin and Luff *ibid.* p.109

In a sense, in relation to infrastructure and access, the Report can be seen as embodying a ‘majority’ position that constitutes its mainstream and consistent message, and a ‘minority’ position venturing into other areas that can contradict the central message.⁴

The ‘majority’ report: private sector and markets as the solution

The Report’s consistently held position, that the shift from public to private has been overwhelmingly positive, strongly suggests that public ownership is both unsuccessful and unnecessary. Apart from the ongoing success of some decades-old publicly owned networks, this ignores more recent waves of experience. India is making significant strides in rural and village access by putting in place publicly-owned networks. In Stockholm, Amsterdam and many US urban and rural municipalities⁵, publicly-owned broadband networks and services are offering services, either retail or wholesale, designed to maximise overall benefits to the city. Local authorities in Argentina and Peru are successfully providing full telecommunication services. Cooperative ownership (see below) is a growing option in many rural areas. Some are there because the private sector has failed; others are simply providing a service by the best means possible, and sometimes competing with private networks. The report gives very limited credit to their potential.

The report also readily and repeatedly acknowledges that rural areas and poor communities do pose a serious challenge to the market approach and that it can leave significant access gaps (e.g. Section 2.4 p. 23, 30, 68, 71). But «the 50% or so of the world’s population that does not yet have access to most basic or advanced ICT can be seen less as a «problem» than as a vast, untapped opportunity for continued mar-

4 The Report’s position around services and applications that contribute to development is more complex, and references are made to it here, it requires separate analysis.

5 ITU 2003: *Birth of Broadband: ITU Internet Reports*. Box 3.7, <http://www.netcracker.com/news/itn061704.html> and <http://www.telinfo.gov.au/New%20Connections%20TK%20Pt2%20Stokab.htm>

ket-based expansion» (Section 4.2 p. 76) Against its own evidence, its unquestioned adherence to the market prevails.

The reluctance to admit that the market will not suffice in all circumstances, even in the long-term, has a further important implication. The report’s implicit position is that long-term ‘sustainability’ is conceivable only in the form of *market* sustainability. Nowhere is it accepted that ongoing subsidisation may be justified, even in poor, rural communities.⁶ Where the market ‘fails’ and a Universal Access Funding (UAF) is needed, it should be introduced in a particular way that preserves the core principle of competition:

«Successful models of UAFs introduced in Latin America and elsewhere have indicated that, properly implemented in a *competitive* environment, these mechanisms can play a critical role in leveraging market forces to expand access to public telephone service, multipurpose community telecenters, and other ICT facilities.» (Point 8: findings, emphasis in original)

The idea of sustained subsidy (or cross-subsidy, from profitable to non-profitable areas) is not accepted, and the general impression is subsidy is required only as an initial or temporary investment.

Most users will, of course, never require ongoing subsidy, almost by definition. But that some will is well attested to by the ongoing practice of subsidising rural networks in the US, the EU and elsewhere. The need is even greater in poorer countries. Ongoing subsidisation is the exception, not the rule; but it is an essential, justified and enduring exception.

6 It is notable in the review of existing mechanisms that perhaps the largest mechanism of all is omitted: the *international accounting rate system*, under which telecoms operators negotiate and settle the net cost of completing international calls. In 1998 the ITU Secretary General noted that revenue generated by the system in developing countries for one year significantly exceeded the cumulative sum of the telecommunication lending programmes of all MDBs for the first half of the 1990s. (P. Taarjanne 1998 ‘Reforming the International Accounting Rate System’, ITU News 2) Of all mechanisms, this most closely resembles a subsidy from North to South and possibly for that reason was excluded.

The 'minority' report: openings to new ideas

Around the margins of this dominant argument, glimpses of other possibilities are scattered through the report. But these are exceptions in that they run against a sustained market-driven, private-investment approach; they are not argued consistently through the report but rather inserted sometimes tentatively in available openings; and some are given scant attention in the executive summary. They are probably testimony to differences of opinion within the Task Force itself, and may thus be regarded as a 'minority' report embedded within the overall text.

Three such areas are the 'open access' approach to backbone development; a 'public good' rationale; and community-driven networks and services.

Open access

The idea of «open access» provision potentially opens the door to a new paradigm in backbone development and, though it goes against the grain of the argument, mention in several places give it quite a firm foothold. The principle of open access (already deployed in some city networks mentioned above) is the separation of the wholesale business from the retail, the backbone infrastructure from the service supplier. The backbone may be owned by a public authority or by various forms of partnership, but it is strictly regulated to ensure it provides access to the network to all comers on a fair and transparent basis, creating the conditions for a variety of different 'last-mile' solutions to the customer.⁷

The report makes several references to this: The Executive Summary notes:

«...more open access policies are also needed if private investment, (CSO) and community networks are also

⁷ e.g. Sprigman, Chris, and Peter Lurie. 2004, 'Broadband Marxism', Foreign Policy, March/April.
http://www.networkideas.org/news/apr2004/news21_Broadband_Marxism.htm
InfoDev has commissioned a study seeking to apply the principle to Sub-Saharan Africa.

found to be effective in expanding ICT access to high cost (predominantly rural) and low income populations to address the «bottom of the pyramid» populations». (Finding 5, p. 5)

It also suggests that options for multi-stakeholder partnerships might include «consideration of new paradigms for network and service provision involving a separation of an 'open-access' backbone and diverse service provision.» (C3: p. 14) Potential implications are suggested later on:

«Whilst a full diversity of locally relevant solutions must drive networks [sic] development and services at the local level, a new «hybrid» approach might also be considered. This is where the national or regional backbone network is provided on an open-access basis, off which a myriad of local networking energies can be unleashed through competition, local cooperatives and other forms.» (Page 73 Section 4.2)

The significance of open access is that it acknowledges that competitive supply, with multiple suppliers, is not always the best approach. The structure of ownership and management is thus open to debate, and private sector ownership with its need to maximise profits is by no means the only possibility. Where the overall benefits to society, economic and social, is the goal, public and non-profit forms may be more appropriate. This leads on to the 'public good' approach.⁸

⁸ A somewhat similar case is made in the Report for the provision of regional backbone infrastructure in the context of Africa, Caribbean and Pacific. Like open access, is appears as a special case at a few points arguing that since the market cannot act alone, a special partnership is needed to put the frame work and seed funding in place. However, after this "market interest should rise". Finding 11, p7

A «public good» approach

A «public good» approach to ICTs can offer an underpinning rationale for open access, as it does for the STOKAB network in Stockholm. This relationship is explicitly acknowledged at one point:

«In addition, careful consideration of the long-term growth and development potential of ‘public good’ components in the overall infrastructure in particular in relation to the provision of ‘open-access’ backbone linked to public infrastructure development may also be useful for stimulating private sector and community investment.» Section 4.1 p. 65

The idea of the «global public goods» has attained some prominence recently in UN circles.⁹ A recent paper in the context of the WSIS has explicitly applied the global public goods idea to ICTs.¹⁰ The central idea of a public good is that it should be capable of being enjoyed by all, at no cost – it is difficult either to exclude users or to charge users for the benefits received. There is thus a prima facie case for sharing the cost among all users or possibly among the largest beneficiaries.

The global communication network is not a ‘pure’ public good, but it has one of its core characteristics. It – communication and the uses of information communicated – can in principle be enjoyed by all without depletion, and indeed its value to each user rises as more users join. And the global aspect applies to the extent that the benefits derive from its global reach. The fact that the value rises with more users points to a related characteristic: the network generates significant ‘externalities’ in the form of benefits, even beyond the communicating parties, that cannot be economically charged for by the supplier – they are spill-overs into general benefits. The benefits of ICT for development go well beyond those accruing to the users themselves.

⁹ Inge Kaul, Isabelle Grunberg and Marc Stern (eds) *Global Public Goods: International Cooperation in the 21st century*, UNDP, 1999.

¹⁰ Pablo Accuosto and Niki Johnson, *Financing the Information Society in the South: A Global Public Goods perspective*, APC, June 2004.

However, the infrastructure itself is not a global public good, in that it is not difficult to exclude people from using it, and in principle there are limits to usage and it needs constant maintenance. Rather, the public good derives from its use. The relevant point for funding ICT infrastructure is twofold. First, charging each user for access to infrastructure greatly limits the public good aspect of communication since many cannot afford it. If the additional benefits derived from adding another user is greater (by whatever measure) than what they can afford, then there is an overall net loss. Thus a market model of provision, based on what people can afford, is not maximising overall benefits. Secondly, benefits that accrue beyond users into society in general, such as reducing poverty and eradicating disease (the examples given in the report), that cannot be translated into revenues and profits, must be ignored by the market.

The public goods approach offers a justification for financing mechanisms that go beyond what the market supplies. And to the extent that the public good is global in scope, it justifies a global mechanism for collecting and distributing such funding. The link to public ownership and to ongoing cross-subsidisation is also easily discerned here.

Precisely which components of a communications network might best approximate a global public good, and hence merit additional support, can also be assessed. Regional and national backbone, for instance, through the relatively low cost of the provision of almost infinite bandwidth, can mean that innumerable additional users can be added at almost no cost. At the other end of the spectrum, poor communities with no access are in the best position to gain externalities directly and indirectly.

The report does allude to the concept several times. The Executive Summary notes that the public goods nature of backbones makes them more attractive to donors (finding 9 p. 7, Section 4.1 p. 65); Knowledge is referred to as «global

public good» capable of being carried on the ICT infrastructure (finding 13 p. 8; Section 2.1 p. 17); and the internet is suggested as a public good (footnote 4). However, beyond such occasional mention the concept is not developed, and at no point is offered as a challenge or significant supplement to the market rationale. At best, it is seen as relevant in the case of backbone infrastructure where the market has failed. Even then, any non-market solution is regarded as temporary.

A community-driven approach

Finally, the question of a community-driven approach is given some prominence, but the implications are not followed through the argument or proposals. The concept highlights the benefits of putting network and services development and provision under the control of the community, and financing mechanisms could therefore be geared to support that possibility.¹¹

The overall impression is that access is to be driven by large, centralised telecommunication companies expanding outwards from the centres and gradually reaching into peripheral areas.

«ICT networks and facilities are by nature highly capital intensive, often requiring large upfront investments and long payback periods, and the economic benefits may often be diffused throughout society rather than directly returned to investors.» (section 2.3 p. 22)

In fact, new technologies (affirmed elsewhere in the report) and community driven networks render both of these assertions untrue in the ‘first mile’, since wireless technologies can now build at low cost and incrementally, and local communities can in the right circumstances capture most of the benefits. Section 3.2 on Domestic Resources and mechanisms ignores altogether that community resources can be,

and have been, deployed to support network development in the form of community cooperatives or community-driven networks in countries such as India, Poland and the USA, with lower cost and better service and greater community development results and empowerment.

Having said this, even if their potential and benefits are not underlined in the big picture, a role for community-owned networks is certainly present in the report. Section 4.3 (p. 77-9) devotes three pages to the concept, and community-driven solutions are credited as one of the ways forward (p.80). And the Findings sections links «community network operators» to the open access approach and policy barriers.

Did it fulfil its remit?

Notwithstanding these reservations, did the report fulfil the various components of its remit? And are its conclusions reasonable? The Report concludes under three headings.

First, it acknowledges that existing mechanisms are not fully exploited, suggests some reasons why not, and notes some possible actions.

Second, it considers the «adequacy» of existing mechanisms. Again it affirms that existing mechanisms have devoted insufficient attention to certain issues, and that they «may not be adequately oriented to address ... emerging needs» (p. 93) suggesting that this should be remedied. It outlines a set of possibilities within existing parameters, noting that «these new areas of attention will depend greatly upon the active participation» of all stakeholders. The success of UAFs and other mechanisms «offer the promise of shifting the emphasis of ICT finance and implementation towards local involvement.» But how this can be achieved in practice, including the incentives needed to motivate the various actors, goes little beyond pious aspiration.

¹¹ Seán Ó Siochrú and Bruce Girard, *Innovative Technologies and Community Control: A New model of ICT Access for the Rural Poor*, (draft) UNDP, 2004.

And it concludes that the adequacy of the existing mechanisms «should [also] be seen in the context of available financing for the broader set of development agendas and goals.» As an enabler of development «its financing thus needs to be framed in the context of the Monterrey Consensus and the Millennium Declaration that can be seen as the overall drivers for development financing in the national context» (p. 94), and at the national level, it should be framed within the context of priorities for Poverty Reduction Strategies.

Unfortunately the Report declines to elaborate on the implications of such framing. It can be interpreted in two opposing ways. Elsewhere, the report notes that applications, and even certain components of infrastructure, can contribute significantly to development and Millennium Development Goals (MDGs) as an enabler (which can be linked to the «public good» argument through beneficial externalities). Thus the consideration of ICTs within these development frames can be seen as a way of highlighting these benefits and linking ICTs to general development financing. Furthermore, it also potentially connects the issue of ICTs to the broader call for increased funding in the Millennium Declaration process and even possibly to new funding mechanisms raised in the Monterrey process.

On the other hand, it could be seen as an admission that core development needs are so great that there is little justification for additional funding to be specifically earmarked for ICTs; and that there are so many existing calls for new mechanisms for dealing with core issues of poverty, environment and so forth, that a new one dedicated to ICTs – even if it were needed – would have a very low priority.

By not teasing out these issues, it fails to explicitly answer the question: are existing mechanisms adequate, or are they not? The implication is that no new *dedicated* financing mechanism is needed. However, it does not give an account

of how and where ICTs could fit within the general development mechanisms; or more important, indicate whether ICT for development *might actually* justify more prominence as a horizontal support. In other words, it gives no indication as to whether, in the belief of the Task Force, additional financing for ICTs is justified from the general development framework.

Conclusions under the Task Force’s third and final heading are, in some respects, even more worrying.

The Report entitles the section: *Concerning «improvements and innovations» to existing financing mechanisms*. It offers a «healthy range of prospects for enhancing the global ICTD dynamic» that have been discussed by the Task Force. None requires a new financing mechanism, and a mention of the open access approach is the only hint at a new paradigm for network and service development.

The final paragraph is devoted to the Digital Solidarity Fund. It claims that it was not in a position to assess its role «since this mechanism is yet to be operational and its more concrete goals and objectives are still evolving.»

There are two reasons to question the Task Force’s decision to exclude new mechanisms and the Digital Solidarity Fund from its remit.

First, it notes that its mandate was to look at «improvement and innovations to existing mechanisms», thus justifying the exclusion from consideration of mechanisms comparable to those, such as energy or environment taxes, that had been proposed in the follow-up report to Monterrey.¹²

12 This is mentioned in the Task Force report but the mechanisms are not followed through. “UN General Assembly, Fifty-ninth session, Follow-up to and implementation of the International Conference on Financing for Development, A/59/272.” See also the WIDER report: http://www.currencytax.org/files/research_items/widerstudyoct2004.pdf

The Action Plan reads:

«While all existing financial mechanisms should be fully exploited, a thorough review of their adequacy in meeting the challenges of ICT for development should be completed by the end of December 2004. This review shall be conducted by a Task Force under the auspices of the Secretary-General of the United Nations and submitted for consideration to the second phase of this summit.»

This might be interpreted as intended to include only existing mechanisms. But the Action Plan continues:

«Based on the conclusion of the review, improvements and innovations of financing mechanisms will be considered including the effectiveness, the feasibility and the creation of a voluntary Digital Solidarity Fund, as mentioned in the Declaration of Principles.»

The Task Force's narrow interpretation begs the question of how the Summit's second phase could, «based on the conclusions of the review», consider these questions – unless, that is, the intention was to include these in its remit. Thus its mandate could reasonably be interpreted to include «improvements and innovations of financing mechanisms» which (though ungrammatical) plausibly refers to new mechanisms and not just to existing mechanisms. This is reinforced by the first paragraph of the section, which states that «we [the signatory governments] need to use more efficiently existing approaches and mechanisms and fully explore new ones...» [emphasis added]. The Task Force thus could have interpreted their remit broadly, but chose not to.

Second, the Task Force implies that it accepts that a consideration of the Digital Solidarity Fund is within its remit, since it proffers a justification for not doing so. Yet this excuse is hardly valid. It was clear at the time the Action Plan

was signed in December 2003 that the Fund was unlikely to be «operational» or to have «concrete goals and objectives» within one year.¹³ The Task Force was intended precisely to look at its «effectiveness, feasibility and creation», and presumably to assist that evolution.

To use it as an excuse for inaction is thus inappropriate. It is exacerbated by the fact that the Task Force fails to specify what actions, if any, it took to execute this task, through for instance collaboration with the organisers of the Fund.

Conclusion

This report and the WSIS process should strive for a shelf life of a decade and more. While current structures and dynamics are its starting point, it must take into consideration future paradigms and possibilities that as yet barely appear on the horizon. The ICT sector, as the report itself emphasises, is still hugely dynamic and in many respects unpredictable.

The Task Force Report, through its narrow focus on the continuation of traditional market-driven private sector investment as almost the sole channel and mechanism for change, is likely to become irrelevant in a very short time. Instead of leading the international community to address pressing issues of the digital solidarity agenda, it is more likely to result in inaction and even division.

It does offer a few useful glimpses of where new dynamics may emerge, possibility mobilised by a better articulation of the global public goods approaches, such as open-access backbone networks and community-driven networks. Instead of being treated as exceptions to the rule, these should be seen as potential harbingers of the future. The search for new paradigms is not counted among its priorities, and many other emerging possibilities have no doubt been passed over.

¹³ It may also be argued that the Fund had, in fact, by then at least preliminary goals and objectives, and was operational. Either way, the justification is inadequate.

The conclusions in turn offer little that is new or compelling. There are undoubtedly positive suggestions among the many proposals, but no new concepts and dynamics that might help to rally support for them. To the contrary. Its refusal to recognise any fundamental shortcomings in existing mechanisms and the failure to consider new instruments, despite the acknowledged needs especially in rural and poor communities, is likely to discourage new thinking and unnecessarily limit the possibilities for financing. Its inexplicable failure to examine the potential of the Digital Solidarity Fund is unlikely to enhance its credibility.

Ultimately, this Report misses, even undermines, the broad political purpose of the WSIS for many of the stakeholders involved. There clearly are huge inadequacies and imbalances in how the market paradigm currently delivers. Pursuing the model into every nook and cranny of ICT networks and services could make matters worse, not better. Fresh thinking is needed and this report fails to provide it. We need to let go of the old ways.

Telecommunications Regulation: From the Omnipotent State to the Market Model

By Joëlle Carron and Michel Egger

Formerly the dominant telecommunications actor, the State has seen its policy space severely curtailed by WTO regulations. As a result, it must thus yield in the face of two new logics that define the system. The first implies a change of scale, as universal access is no longer an issue of international solidarity but rather of redistribution of local resources. The second, in separating the provision of public service from the providing entity, fundamentally challenges our notions of the public utility and consequently the role of the State.

Traditionally, the State was the main actor in the telecommunications sector. Originally the only entity capable of ensuring the development and the maintenance of the communication network, the government also had a direct interest in its control due to its relevance to national security policies. Hence, until very recently, telecommunication infrastructures and services were de facto state monopolies; the State, via the prices charged by the single national company, enjoyed complete freedom for redistribution policies. Thus, higher taxes on interurban calls were frequently used to lower the price of local calls. The extension of the network through rural areas has long been possible as a result of profits drawn from the international accounting rates regime.

The concept of an «international accounting rates regime» entails profit sharing between the companies providing an international telephone call. Originally, international telecommunications were seen as a service provided jointly by two operators located in different countries, with each at its disposal the equipment necessary on its own territory and

together, exploiting the infrastructure of their international connection. The two entities agreed on the cost of the service, each one receiving 50% of this amount. The operator in the originating country – which invoiced the communication to the consumer – then transferred the agreed amount to the other operator. These sums were, of course, consolidated, and in the event of equivalent two-way traffic, did not result in payment. Imbalances between incoming and outgoing calls, however, resulted in significant transfers between developed and certain developing countries. In this way, during the 1990s, between 5 and 10 billion dollars per year were transferred to countries in the South for the use of their networks.

Whether by the international accounting rates regime or by crossed subsidies (considered like internal transfers among operators, where profits made from higher-than-cost rates charged for terminating international calls were to be used to finance equipment for rural areas and to ensure reasonable costs for local calls), States enjoyed a great policy space to finance universal access to the telecommunications network.

WTO changes the deal

This policy space, however, was called into question by upheavals that revolutionized the telecommunications sector in last two decades, following the advent of a new vision of goods and services related to information and communication. Linked to technological changes that led to always producing more and always more easily, it developed a commercial logic that treats communications like any other good, intended for consumption.

In the 1980s, this evolution translated into the privatization of the telecommunications sector in the United States, giving rise to powerful companies ready to play a leading role on the global stage. Pressures by the American government to open the markets to the new giants were soon met with suc-

cess. Assessment of the 1990s: a generalized privatization of the old State monopolies as well as a liberalization of the sector on a worldwide scale. In many developing countries, the role of the International Monetary Fund (IMF) and of the World Bank was a determining factor, since they made telecommunication reforms a strict prerequisite for support.

The integration of telecommunications into the rules of the World Trade Organization (WTO) simultaneously accompanied and precipitated the process. Already, in 1995, the enactment of the General Agreement on Trade Services (GATS) had led to several countries committing to opening free trade in this sector. But the result of negotiations had not been up to the expectations of the advocates of «more market». Their persistence finally led to the signing, in February 1997, of the Agreement on Basic Telecommunications, endorsed by 72 governments and concerning nearly 90% of the value of the world market. Annexed with GATS in the form of Protocol IV, the agreement represents the legal basis necessary to add new commitments linked to basic telecommunications to those already in existence. It should be pointed out that, in many countries, these negotiations were not opened to any public debate, in spite of what was at stake! Parallel to Protocol IV, the negotiations also led to the elaboration of a Reference Paper, which establishes in more detail the definitions and the principles to apply to regulation at the national level. The document particularly concerns establishing mechanisms to safeguard competition, rules for interconnection, the right of the members to institute universal service obligations, transparency obligations, and the installation of independent regulators. Today, telecommunications are still on the agenda of the WTO, within the framework of negotiations regarding services that started in January 2000.

The end of national governance

In two decades, the sector was thus radically transformed. From a monopoly in official hands providing a public ser-

vice, we have passed to a commercial logic, in which many operators compete fiercely to gain market shares. The rules which once regulated the sector and were formerly reserved only for the State, today are rooted within an international organization, WTO. Once a very powerful decision maker, the State thus sees its policy space reduced to almost nothing. Cees Hamelink puts it well: «*For a century, the international system for governing communications served foremost to coordinate national policies formulated independently by sovereign governments. The current system of global governance greatly determines on a supranational scale, the space available for national governments to fix their national policies.*»¹

The policy space available to the State thus underwent restrictions, and it had to give up some of the instruments it had used in the past. The Telmex affair illustrates this evolution well. In April 2002, the United States lodged a complaint with WTO against Mexico, accusing it of not respecting its commitments with regards telecommunications. The main reason: the high rates that Telmex charged US companies for handling terminating calls coming from the United States. Because the law enabled Telmex to negotiate rates on behalf of all Mexican operators, it was impossible to use competition to obtain lower prices. The incident reflects the transition towards the new paradigm very well. The Mexican law belongs to the old regime, in which the official monopoly was free to exploit international communications prices in order to finance other services. Discriminatory against foreign operators, however, it is not in accord with the new rules established at the international level, which reflect another reality, both commercial and competitive.

As for the international accounting rates regime, the subject – too sensitive – had been put on hold by the Agreement on Basic Telecommunications signed with WTO. It is very

1 HAMELINK, Cees J., « La société globale de l'information : visions, peuples et pouvoirs », p.178, in : Annuaire suisse de politique du développement 2003 – Société de l'information et coopération internationale. Development.com, IUED, Geneva, 2003.

clear, however, that de facto, the inclusion of telecommunications services in the commercial system signed its death sentence. Whatever the outcome of the debate (currently in deadlock) within the International Telecommunication Union (ITU), a simple return to the international accounting rates regime appears impossible. In 2001, no less than half of the international traffic had already sold off the traditional accounting regime.² Built for a different era, the model does not seem to be able to resist the paradigm shift.

Universal access funds

While limited, it would be false, however, to assert that the State no longer has any policy space to ensure financing for universal access. Indeed, the WTO Reference Paper reaffirms that (point 3): «*Any Member has the right to define the kind of universal service obligation it wishes to maintain. Such obligations will not be regarded as anti-competitive per se, provided they are administered in a transparent, non-discriminatory and competitively neutral manner and are not more burdensome than necessary for the kind of universal service defined by the Member.*»³

New finance mechanisms thus appeared, liable to fulfil the same function as the cross-subsidizing practised by State monopolies and the benefits of international accounting rates. It is worth the effort to look a little more closely into the most promising of these mechanisms, the universal access funds.

Born in 1994 in Latin America, universal access funds have seen a phenomenal expansion in recent years as a consequence of success. Funds currently exist or are planned to exist in nearly 60 developing or transition countries. Generally based on the assertion that there are significant start-up costs and investments that hamper reaching rural and

2 UIT, *Tendances des réformes dans les télécommunications, 2000-2001 : Réglementation de l'interconnexion*, 3rd edition, Geneva, 2001, p.112.

3 *Telecommunications services: Reference Paper*, Negotiating group on basic telecommunications, 24 April 1996. Available online: http://www.wto.org/english/tratop_e/serv_e/telecom_e/tel23_e.htm

isolated areas, funds are limited to providing the subsidies only for the initial phases of a project.

According to decisions taken by the governments, financing comes, either:

- a) Drawn from intra-sector income (generally between 1% and 5% of the total incomes of the operators); or more rarely, concession or licensing profits;
- b) Drawn from public funds in the government budget.

More recently, contributions have also been made by bilateral and multilateral donors, as well as international financial institutions. Donor support appears very important especially for the design and implementation of universal access funds.

The process is simple: the State, in collaboration with local authorities, first identifies needs and divides them into small projects (for example, one tele-centre in each of the ten mid-sized towns of the country). It then set them «in competition»: the company that requires least subsidies gets the licence to operate. Overall, this allocation mechanism appeared most effective, as projects were generally allotted less than half the amount allocated by the funds. Certain operators even sometimes forwent subsidies, in order to enter a new market. Surprisingly, it was less the large, international operators, and more the small, recently created businesses or the large rural telephone companies who were subsidized.

Far from limiting itself to servicing rural and isolated areas or to infrastructure projects, the system was also used to finance multifunctional tele-centres, ICT training centres, District Web Portals (Uganda), as well as telemedicine and e-learning projects (Dominican Republic). Administration, in general, is handled by a national regulation agency or an independent body; more rarely by the ministry of communications.

Results have varied. On one hand, highly publicized «success stories» – particularly in Chile, Colombia and Peru – led to developing numbers of tele-centres in rural or isolated areas and to a stronger rural operator presence. In Chile, there was \$6 of private investments for every subsidy dollar,⁴ and in Malaysia, over 100 million dollars were invested under this scheme in 2003. On the other hand, beginnings were sometimes difficult, with problems of bureaucracy (Bolivia, Brazil and Nepal) and particularly a lack of long-term viability, notably in South Africa, where the majority of the tele-centres opened through the South-African fund had to be promptly shut down again. The lack of human and financial resources from which it suffered assuredly had something to do with this failure.

Drawing conclusions seems thus difficult, and even more so, as these mechanisms are, for the most part, very recent. We must therefore concentrate on looking at some of the strengths and weaknesses of the existing funds.

Strengths and weaknesses

The following four aspects seem particularly promising:

- a) The innovative and original method of allocating subsidies through setting operators in competition, leads to considerable savings;
- b) When this is the case, financing funds through an income tax for telecommunications operators;
- c) The broad applicability of the model, which applies as much to infrastructure projects as to the creation of contents;
- d) The definition of projects by the State, enabling it to keep an overall picture of needs at the national level.

⁴ ITU, 2003.

There are, however, grey areas:

- a) Project viability: sometimes the system of minimal bid-dings entails too much risk, especially since certain newly created businesses often leave something to be desired in terms of their business plan and management.
- b) Affected areas: the mechanism can be effective for certain areas, where original costs may be high, but are profitable medium-term; it is not effective for the most marginalized areas. It pushes further along the border of universal access, but does not really solve the problem.
- c) Funds financing deducted from the governmental budget: this leads to a paradoxical situation, in which the public sector subsidizes private companies.
- d) Good governance: the allocation criteria for projects are not always transparent and equitable; bureaucracy should be kept to a minimum, and costs maintained as low as possible.

Overall, however, the mechanism seems promising. Successes met in Chile, Peru and in Colombia encourage optimism; it will be interesting to be able to do a broader assessment once other funds have reached cruising speed.

Other tools

Although universal access funds are most widespread, other instruments are also used by governments to finance access for all to telecommunications networks. There are also asymmetrical interconnection fees, in which rural operators may charge higher rates for terminating calls that originate from urban areas than operators in urban areas charge for terminating calls from the countryside. Such a mechanism can have big payoffs: the largest rural operator in Chile pulls 60% of its profits from a positive interconnection balance!⁵ One can also consider a tax on international communications that would be applied to all operators. Finally, it is standard that

⁵ DYMOND, Andrew and OESTMANN, Sonja, *Rural Telecommunications Development in a Liberalising Environment: An Update on the Universal Access Fund*, Intelcon Research & Consultancy Ltd, July 2002.

the State integrates universal service obligations into the licences or concessions it grants.

All these mechanisms share a commonality of being competitively neutral, and are thus compatible with the rules of the WTO. Cross-subsidies, on the other hand, are no longer possible. They are, for the WTO, anti-competitive and discriminatory, as they bring to some actors (foreign operators) only the costs of universal access to the telecommunications networks.

New paradigms

It is thus seen: the State still has some room to manoeuvre, and WTO rules do not prevent it from instating a universal access policy. However, it must resort to different mechanisms than those it previously used, which comply with the two new paradigms on which the system is based:

- First of all, the use of local resources, with the change of scale it entails: the resource redistribution mechanism no longer happens at the international level using the international accounting rates regime, but instead at the national level. It is the very concept of international solidarity in access to communications which is at stake, and which for now, has disappeared from the debate!
- The separation of the provider of a public service and the service itself. It is no longer the companies who are considered as public utilities, but the type of services. Some of these services will see subsidies, regardless of the status of the institution that delivers them.

The end of the international accounting rates regime; an amplification of WTO power; the emergence of universal access funds calling on local resources and separating the service provider from the service... the telecommunications sector spent the last twenty years undergoing a true paradigm shift. A purely commercial logic has won, reducing the role of the State to that of a supporting actor and changing funda-

mentally the concept of public utility. Such an evolution is not limited to telecommunications. Today, it can be found in many other similar sectors, like the post office, where the trend is towards separating finances from universal service. The time has passed where, within a company, the more lucrative services made it possible to finance the less profitable activities.

Official Development Aid: Illusions about Existing Resources and Opportunities Provided by Global Taxation

By Chantal Peyer

«There is an urgent need for new resources to deal with a wide spectrum of human hardship. Indeed, even if the Millennium Development Goals (MDGs) are achieved, there will still be hundreds of millions of people living in extreme poverty and work must continue for its complete eradication. We would still need a broader, longer-term strategy that would provide financing for the complete eradication of poverty, for infrastructure such as roads, ports and telecommunications, and for ‘global public goods’ There is a need to understand the potential impact of major new arrangements», Kofi Annan, speech at the 59th General Assembly of the United Nations, September 2004.¹

Five years after the Millennium Development Summit, three years after Monterrey and one year before the MDG+5 Summit, there is unprecedented international mobilisation on the issue of how to finance development. At the political level, the coalition led by Presidents Jacques Chirac and Lula da Silva has organised high level meetings, declarations and press conferences. In September 2004, 104 countries signed the New York Declaration², deploring the fact that the Millennium Goals could not be reached at the current rate of progress and emphasizing that it is «appropriate» to study new financing mechanisms.

The official reports – the Landau Report commissioned by Jacques Chirac; the quadripartite report (France, Brazil,

1 Kofi Annan, “Innovative sources of financing for development. Note by the Secretary-General”, General Assembly of the United Nations, fifty-ninth session, August 2004,
<http://ods-dds-ny.un.org/doc/UNDOC/GEN/N04/462/36/PDF/N0446236.pdf?OpenElement>

2 “The New York Declaration: against hunger and poverty”, September 2004.

Chile, Spain) and the Atkinson Report, presented to the 59th General Assembly of the United Nations³ – set out the theoretical foundations of the debate. They all start from a same statement, that traditional official development aid (ODA) is insufficient and that an extra US\$ 50 billion per year is required, to assert the need for new and innovative financing mechanisms. For the first time, they clearly raise the issue of international taxation. Throughout the reports, various proposals for global taxes are analysed: a tax on international financial transactions (Tobin Tax), on carbon (CO₂), on arms sales or on the global commons (straits, orbital space, seas). In the conclusions, these proposals for global taxes are described as promising and feasible by virtue of their «apparently simple conceptualisation and implementation» and their potential for «providing for a predictable and continuous flow of resources, so that recipient nations could succeed in the pursuit of long-term development in a more efficient manner.»⁴ Although it used to be taboo, the question of international taxation is now at the heart of the political debate on the reduction of poverty in the world.

The framework for analysis of the World Summit on the Information Society (WSIS)

So what is the state of play with regard to the World Summit on the Information Society? Are these reports being used to reflect on financing for information and communication? As things stand at the moment, the reply has to be no. According to official documents, the mandate of the WSIS Task Force on Financial Mechanisms (TFFM) was to evaluate existing mechanisms. However, it ignored two fundamental questions. The report has made no estimates of the needs – how

3 Jean-Pierre Landau (chair), "Les nouvelles contributions internationales", Documentation française, 2004, (<http://www.ladocumentationfrancaise.fr/brp/notices/044000440.shtml>). Group of experts commissioned by France, Brazil, Chile and Spain "Action Against Hunger and Poverty: Report of the Technical Group on Innovative Financing Mechanisms", 2004 <http://www.diplomatie.gouv.fr/actual/pdf/Reportfieng.pdf> Kofi. Annan, op. cit.

4 Group of experts commissioned by France, Brazil, Chile and Spain "Action Against Hunger and Poverty: Report of the Technical Group on Innovative Financing Mechanisms", 2004 <http://www.diplomatie.gouv.fr/actual/pdf/Reportfieng.pdf>, op. cit., p. 68.

much is necessary to finance a more equitable information society – and of how much of this sum should be contributed as official development aid (ODA).

The «Development Assistance and Cooperation» section of the TFFM report examines the flow of ODA with regard to information and communication. It reveals that the privatisation and liberalisation of the telecommunications sector has inevitably resulted in the transfer of ODA from major infrastructure projects to technical cooperation and poverty reduction programmes. It also points out that part of the decrease in the sums allocated directly to information and communication technology (ICT) infrastructure – from US\$ 1.2 billion in 1990 to US\$ 192 million in 2002 – has been compensated for by an increase in aid for multilateral funds or ICT programmes for communities. However, this description of current trends at no time asks whether current levels of ODA are enough to guarantee «the inclusion of all men and women in the emerging information society.»⁵

Official development aid is insufficient

However, the question is essential. If we want to avoid a simple transfer of official development aid from the fight against hunger to the fight against the digital divide, and if we want to ensure that global policies are coherent, we need to ask ourselves where the money is going to come from to reduce the digital divide. Or to put it another way, is there any official development aid money left over for information and communication? We cannot be optimistic. For at least two reasons:

– *The stagnation of ODA*: the ODA of OECD countries today totals US\$ 60 billion, an amount close to what it was at the beginning of the 1990s. In Switzerland, the pattern is similar, with ODA rising from 0.3% of the gross domestic product (GDP) in 1988 to 0.32% in 2002⁶, an increase that falls far short of the promised 0.4% of GDP by 2010.

5 Ref. Summit documents.

6 "Trends in official development assistance" in "Social watch report 2004", Montevideo, 2004, p107.

- *The extent of the needs:* as mentioned above, the international community has to find an extra US\$ 50 billion per year to achieve the Millennium Development Goals. According to certain studies, notably by Oxfam⁷, the amount required could even be as high as US\$ 100 billion per year. And we need to remember that these objectives do not include a reduction in the digital divide.

In the current context, any official international financing to reduce the digital divide does not therefore represent a gain, but rather a simple transfer of existing resources. It also represents an additional source of instability for countries receiving aid because they must adapt to constantly changing donor priorities. Today, tomorrow, a reduction in the digital divide will remain illusory without new resources.

This idea is reinforced by another argument. Many documents rightly highlight the fact that information and communication differ from primary development goals, such as malnutrition, health and education. Information and communication are global public goods, infinite in nature, the growth of which benefits all countries, donors as well as recipients of aid, and all citizens, in both the North and the South. And it is now internationally recognised that the financing of global public goods should be separated from the financing of humanitarian aid and traditional development goals. As the European Union pointed out in 2002⁸, public goods should not be financed «to the detriment of poverty reduction». This means their permanent availability to all must be ensured by new public resources.

The missing questions of the WSIS debate

If current ODA is insufficient to finance information and communication, what are the solutions? In the WSIS debate, if we are to avoid broken promises, member states must have

⁷ Quoted by Jens Martens, in *“Ergebnisse und Perspektiven globaler Entwicklungszusammenarbeit nach der Monterrey-Konferenz”*, Social Watch Report, Germany, 2002, p. 36.

⁸ EU Commission, *“EU focus on global public goods”*, Sustainable Development Summit, Johannesburg, 2002.

an open and transparent discussion about the insufficiency of the sums currently available and the risks of simply transferring ODA funds. In this respect, the mandate given to the Task Force was insufficient and incomplete. Its remit should not have been limited to an evaluation of current initiatives, but should have been broadened to include new research and innovation. Today, additional work and research are needed. They should focus on three central questions:

- *What are the needs?* How much money is needed to build tomorrow’s information society, as described in the Geneva Declaration?
- *How much of this sum should be contributed in the form of official development aid?*
- *What innovative financing mechanisms could generate this official international aid?* In this respect, several proposals have been made during the last 20 years.

Towards global taxation for the information society?

The question of innovative financing for the information society, especially global taxes, has a long history, even though this is not generally known. In 1984, the International Telecommunications Union (ITU) published a report entitled «The Missing Link», which highlighted «the growing and obvious imbalance in world telecommunications» and raised the idea of introducing a surcharge on national and international traffic or equipment, with a view to providing funds for investment in infrastructure⁹. Another organisation, another proposal: in its report «Our Cultural Diversity» (1997), UNESCO highlighted the need for national and international official financing to guarantee cultural diversity. It proposed the introduction of a tax, or the payment of a licence fee, for the use of global public goods, such as the orbital space and electromagnetic waves. The resulting funds would be used to promote the creation and safeguarding of local content (in film, radio and television broadcasts, public archives) and to

⁹ Maitland Commission Report, *“The Missing link”*, International Telecommunications Union, 1984. Available at www.itu.int

pay for community or public service media. Other proposals have also been made by the United Nations Development Program (UNDP), amongst which was the idea of an email tax («bit-tax») or a tax on the brain drain.

However, none of these proposals has got past the idea stage. Some have re-appeared in later reports, others have been the subject of fierce debate, but none has been the object of serious and detailed study. It therefore seems about time to move to a deeper analytical stage. In this respect, two paths forward seem interesting for the information society:

- *Tax on individual users*: in this category are the proposed taxes on international communications, emails and equipment, such as computers. There are two disadvantages to these proposals. First, the charges are directly levied on the consumer and may therefore become an obstacle to the access of the poorest people in society to information. Second, these taxes are often difficult to collect, given the multiplicity of users. A Bread for All study showed for example that a tax of 1 cent/minute on international phone calls made from Switzerland could raise a sum of 30 million CHF (Swiss Francs) per year. However, the study also showed that the proposal would meet significant practical and political obstacles¹⁰.
- *Tax on collective or commercial users*: this tax could, for example, take the form of a payment for the use of orbital space or electromagnetic waves. These two resources are finite and limited and are considered to be the common property or heritage of humanity. The underlying principle of taxing these resources is to make the users, particularly the commercial ones, pay for the use of a collective resource. In the case of orbital space, for example, ten countries and five international organisations today occupy more than 80% of «satellite parking slots». Prior to

¹⁰ "Possibilités de financement dans la société de l'information: recherche de données pour la Suisse", Joelle Carron, with Chantal Peyer, Lausanne, October 2004. Available at www.ppp.ch/communication

2002, they did not pay any licence fee for the use of this space. This was changed by the ITU plenipotentiary conference in Minneapolis, which introduced charges aimed at covering the management and regulation costs incurred by the ITU. In this case, the question is whether these charges could be increased to finance a reduction of the digital divide. The proposal seems to be justified given the unequal sharing of resources and the scale of the benefits obtained, but it risks coming up against the opposition of a powerful lobby. Moreover, it is not very clear how much could be raised in this way: the ITU has so far not been able to collect the sums that are due to it.¹¹

In the same area, a tax on commercial Internet domain names seems particularly interesting and innovative. In a first phase, this proposal should be studied, debated and introduced for national domain names, or «country-code Top-Level Domains» (ccTLD). These domain names are already taxed, in the form of registration fees and annual taxes. The amount charged varies according to the country and has sometimes been scandalously high. However, prices have tended to come down to a level that allows the managing organisation to cover its costs. The principle of such a tax would be to differentiate, at the time of registration, between commercial and non-commercial users (personal sites, sites of non-governmental organisations, etc) and to increase the annual tax on commercial sites in order to generate new public resources. A Bread for All study showed that such a tax could raise 11 million CHF per year in Switzerland (see box). This tax has significant advantages. With regard to implementation, it is easy to levy, as usually a single actor is charged with the management of national domain names. With regard to democratisation of Internet access, it would not represent an obstacle as it would not be levied on individuals, nor on not-for-profit organisations. At the economic level, it would not represent a brake on growth, as the

¹¹ On this subject, see: Overseas Development Institute, "New sources of finances for development", 1996, p. 3; "Landau Report", op. cit., p.90; B. Guermazi, "Can universal service policy go global?", Tunis, 2003, p. 11.

amounts currently charged are generally small in relation to the value that having a domain name represents for a company: a marketing study made in Switzerland showed that commercial domain name holders were willing to pay a higher fee for the service. At the level of the sums raised, we estimate that the amounts collected would increase due to the rapid growth in the number of national domain names.

Global taxes for the information society: an opportunity or an illusion?

In the past, proposals for global taxes to raise funds for the information society have aroused at best indifference and at worst, strong political opposition. The most symptomatic case was the reaction of the United States Congress, which threatened, at the end of the 1990s, to withdraw from the United Nations if that body continued to discuss taxing emails (Bit-tax). Today though, the international context has changed and within the framework of the debate on the Millennium Goals, it is now recognised that the current level of ODA is insufficient to finance development. In addition, for the first time, global taxes are presented as credible and feasible financing alternatives.

The information society certainly has its own characteristics and the fight for a more equitable participation in the use of its tools and its content is not the same as the fight against hunger. However, in its debates, the WSIS cannot ignore what is being discussed in other international forums. This debate is a challenge, because the issue of ODA, and especially global taxes, has always provoked fierce debate. However, it could also represent an opportunity: it could allow member states to broaden the debate and build more coherent global development policies.

Tax on commercial Internet domain names: case study – Switzerland¹²

In Switzerland, the .ch domain names have been managed since 1987 by Switch, a non-commercial foundation, created by the Federal Council and eight university states. Switch

manages the allocation of national domain names, under the authorization of the Federal Office for Communication (OFCOM) and within the framework of Swiss telecommunications law. The prices charged by Switch are defined by this law and must be set at a level that «corresponds to management costs and the need to achieve equitable benefits.»¹³ They are submitted for approval to OFCOM and to the Price Supervisor. Since 2002, all domain names ending in .ch cost:

- 40 CHF registration fee
- 35 CHF annual charge/rate

So, how much could an additional tax on commercial Internet domain names raise? The Switch registration system does not allow the exact number of commercial .ch sites to be calculated. However, if we were to assume that half of the 630,000 .ch sites were commercial, a doubling of the annual fee from 35 CHF to 70 CHF would raise around 11 million CHF per year. The sum raised could be used partly for national activities and partly for international projects, in accordance with a sharing ratio to be defined, for example 50/50.

Of course, the introduction of such a tax in Switzerland would require a number of theoretical and practical clarifications. For example, a precise definition of individual and commercial user status would be needed, as well as the establishment of a control mechanism. It would also require a wide debate with the Swiss administration and government. Until now, the Switch Foundation's Council has never considered the introduction of a tax on commercial domain names and OFCOM's policy has focused more on lowering the price. Finally, the proposal would require a vast debate in civil society and the political world, so as to define the criteria for redistribution and the selection of projects for allocation of funds. So far, the proposals for alternative financing have always come to nought because of a lack of consensus on this point.

¹² For more details, see "Possibilités de financement dans la société de l'information: recherche de données pour la Suisse", op. cit.

¹³ "Ordonnance sur les ressources d'adressage dans le domaine des télécommunications" (Order on domain name charges in the telecommunications industry), which came into force on 1 April 2002.

Multilateral Funds:

World Digital Solidarity Fund: Between Great Ambitions and Niche Strategies

By Marie Thorndahl

The WSIS Plan of Action sets up ambitious objectives to reduce the digital divide: to connect all the villages, universities, primary and secondary schools, health centres, hospitals and public administrations between now and 2015. Preferring the existing financial mechanisms, *Official Development Assistance* (ODA), *Foreign Direct Investments* (FDI) and public-private partnerships, the countries from the North – led by the European Union – were opposed to the proposal of the Southern countries, spearheaded by Senegalese President Wade, to create a new *World Digital Solidarity Fund* (DSF) to solidify the objectives of the Plan of Action.

This discord is recognized in the WSIS Declaration of Principles. The States acknowledge that a desire exists among some to create a DSF but defer any decision until Tunis 2005. The creation of a *Task Force on Finance Mechanisms* (TFFM) should make it possible to compare viewpoints, in particular through a report on the effectiveness of existing mechanisms and the advisability of creating a Fund.¹

Finalized in December 2004, the Task Force Report proves to be an analysis of what the market can or cannot finance. Far from picking up on the «ambitious» vision of the Plan of Action, it discusses in technical terms the strengths and the limits of free trade. Rather than quantifying needs, it simply

¹ For the record, Egger Michel and Thorndahl Marie, «Sommet mondial sur la société de l'information, phase I», *Annuaire suisse de politique de développement* 2004, Vol 23, n°1, pp.147-158.

reaffirms that the market remains the principal force for extending access to telecommunications and contents to the South. It does recognize that certain sectors will never be attractive to private investors, pointing out that these niches should be funded by extra-market mechanisms, in particular through multi-actor partnerships and national universal access funds. The Task Force dodges issues related to the need to create new mechanisms and the opportunity to create multilateral funds specialized in these issues.

Multilateral funds as a patch for the shortcomings of the market

The current paradigms for financing the information society that rely on market forces are essential to understand how international co-operation has operated since the 1990s. Believing that FDIs are the most effective engine to fight against the digital divide, funders have concentrated on facilitating the following scenario: their main mandate was to support States establishing regulations and economic environments attractive for private companies, with providing «universal access» for countries in the South as a medium term goal.

One of the difficulties of the current scheme – recognized by the Task Force – is to distinguish between the technical limits of the market (market efficiency gap caused by bad regulations and lack of free trade) and the real limits of the market (real access gap due to chronic debts which could not be reduced, even in a «pure and perfect» free-market environment. The borders are fuzzy; diagnoses difficult to establish, and conditions change according to the risks of the markets, technological leaps to come, and the actors at hand.

This lack of clarity prevents tackling the critical issue of how much resources are needed to achieve the goals announced by the Plan of Action. The budgeting of needs is bypassed in continuous, and more or less large, hopes that technological innovations and/or the emergence of new wealth-generating

markets will regulate inequalities in the near future. At the end of the day, any quantification of needs is warped by the story of the chicken and the egg: Do ICTs create wealth or does wealth create ICTs?

Though the main mandate of the international community is to fight against the «*technical limits of the market*»², the majority of the multilateral funds created in the 1990s position themselves in a niche (or combinations of niches) considered as «*real limits of the market*». In other words, these are the sectors that have proven to not be profitable enough to attract FDIs and/or which are outside of the repertoire of private companies and/or which are promising, but in competition with the dominant free-trade model.

Examples of extra-market sectors:

- *Access*: Indebted areas or populations, community telecentres, etc.
- *Content*: all contents except mass-media, particularly contents for social use, local languages, etc.
- *Education*, basic *training* and training to use ICTs for social purposes
- Alternative *economic models*, cooperatives, collective ownership models, networks of competences, etc.

Critical analysis of the World Digital Solidarity Fund in progress

Facing the postponement of the decisions concerning ways to move forward with solidifying the Plan of Action, the cities and the local authorities beat the States to announcing – the day before the end of the Summit – their first contributions to the DSF defended by President Wade. The DSF, created in this way, is thus the only finance mechanism that was set up directly under the stimulus of the WSIS. It is planned

² Thorndahl Marie « *Les promesses d'une prospérité virtuelle* », Annuaire suisse de politique de développement, 2003, Vol 22, n°2, pp 3-26.

to show its first results in form of pilot projects in Tunis in 2005.

At the time of writing (December 2004), it is impossible to judge the effectiveness of the DSF, as it is not operational, and has fully established neither its collection mechanisms, nor its criteria for allocating resources, nor its mechanisms for following up donor commitments (Appendix: Synopsis of the DSF). Beyond the most obvious reaction, which might be to avoid any critical analysis, since, «considering the results of the Summit, the DSF has at least the merit to exist!», this article wants to underscore its innovative potentials and to draw the attention to the weaknesses of the DSF and multilateral funds in general.

From a structural ambition to a strategy of niches

The refusal of the WSIS in its first phase to clearly support the DSF significantly dashed the hopes of countries in the South. It is no longer an issue of making all the countries converge inside a «digital snake» (lower and higher margin of connectivity) and put pressure in a structural way on the inequalities of access, but of acting in a qualitative way by financing community and municipal projects. The DSF intends to intervene «in social sectors and disadvantaged areas where demand exists but is not supplied», not on connectivity – as wished by its first defenders – but on collective micro-projects (women's groups, development of micro-credits). The DSF finds itself reduced to a niche strategy and is no longer considered, particularly by the TFFM, as a global response to the stakes raised by the WSIS.

A new supply mechanism

Like most multilateral funds acting in this field, the DSF accommodates all categories of contributors³, primarily local

³ The founding members of the DSF have each pledged more than 300,000 Euros. This comes essentially from the European Community, a few States in the South and the *l'Agence intergouvernementale de la francophonie* < <http://www.dsf-fsn.org/fr/06-fr.htm> >. Note that no private sector, Asian or North American companies are currently participating.

authorities, but also governments, private companies, civil society and international organizations.

The originality of the DSF lies essentially in two points: 1) the entry of local authorities as leaders of a finance mechanism for international co-operation, and 2) the creation of a permanent mechanism for collecting resources.

The DSF corresponds to a contribution of 1% of the value of public spending on telecommunications and ICTs (equipment, software and services). This contribution will be paid directly to the DSF by companies awarded public contracts. The obligation to contribute to the DSF will be clearly mentioned in requests for proposals for ICTs, in order to avoid creating competition imbalances and to conform with international agreements. It has also been proposed that winning companies and/or companies voluntarily contributing to the Fund be «rewarded» with a «digital solidarity» label.

Once this voluntary mechanism sinks in with the first members, those in charge of the DSF foresee casting it into law through the adoption of an international convention on methods of supplying the Fund that would be adopted by States and local authorities in June 2006 under the name of «The Geneva Principle».

This mechanism makes it possible to hope for a stabilization of the sums allocated to international solidarity which tend to fluctuate year by year according to the agendas of the donor countries and to avoid the bitter experience of the majority of the existing Funds: once the political bellows cease to fan the flames, donations smoulder, with donors often preferring to redeploy their means in bilateral projects.⁴

This stepwise strategy appears wise in the current political context, where any suggestion of obligatory contributions causes a general uproar among States in the North. It remains

4 Reports valid for the Global Fund to Fight AIDS, FFI, InfoDev, etc.

to be seen if the draft convention will succeed and if so, if it will be able to increase the international supervision for commitments made. For the moment, there is no indication on the control and follow-up mechanisms of the implementation of such a convention.

Labelling also poses problems. These instruments of «social communication» are doubled-edged swords insofar as they are a reward based on a very limited «altruistic» vision, not taking into account attitudes or policies in a holistic manner. Labelling just whomever, particularly companies whose only merit is to have won a public bid can discredit the system in the public eye. For example, Microsoft will certainly be one of the first companies to be labelled, considering its ubiquity on the market, even at a time when the anti-Microsoft sentiment does not show any signs of slowing in the Western public. Moreover, implementation and follow-up of labelling can be very expensive in bureaucratic terms insofar as there is a true need for a control mechanism to avoid hijackings.

Fund governance: local authorities in charge

The Fund's Charter⁵ states the common principles of the founding members. It integrates «humans rights and fundamental freedoms» and positions information and the means of communication as a «public and global good [which] should be participatory, universal, inclusive and democratic.» These principles must be met and are used at the same time for clear criteria for enlisting new members, whether public or private.

The Statutes of the Foundation⁶ define the Fund's bodies. Despite a tripartite Foundation Council consisting of three colleges – 1) governments, 2) private companies, 3) local communities + civil society – its structure creates from the start three poor parents who are precisely announced to be the beneficiaries of the DSF:

5 Digital Solidarity Fund Charter < <http://www.dsf-fsn.org/fr/18-fr.htm> >

6 DSF Foundation Statutes < <http://www.dsf-fsn.org/fr/04d-fr.htm> >

1. The organization envisioned in no way guarantees the participation of representatives of countries from the South: no seat is reserved for them, while nine seats are reserved for the largest contributors. In addition, the placement of the Fund's institutions in two cities of the North (Geneva and Lyon) does not support the presence of the South in the decision making process.
2. By creating a single electorate that lumps civil society together with local authorities in which the local authorities name its members, the DSF does not guarantee regular representation of civil society.
3. Note also the absence of any mention of the participation of women, even though women's groups are announced to be the first to benefit from the DSF.

So that the participation of civil society and representatives of the South is real – and more than just a reservation of a quota of seats, which is of course desirable – the Fund rules should foresee financial means to enable them to attend key meetings and decisions. If not, the DSF is likely to reproduce the fundamental biases of the other funds, which, in a caricatural way, rely on a committee of primarily Western men, selecting «learnedly» and in good company, the requests coming from the «poor» South.

In addition, with data-processing equipment being quasi-exclusively produced in countries in the North, the DSF will in fact be an interesting mechanism for companies wishing to gain markets in the South. The fact that the DSF relies primarily on local authorities guarantees anything but commercial neutrality. Decentralized co-operation is known to be a privileged channel for providing sister communities in the South with material from the North. In order to avoid conflicts of interests between managers and recipients of the Fund, it seems valid to ask that the private sector be represented by its umbrella organizations not having any particular interest to defend.

What links are there with the field?

Limits linked to governing the DSF can handicap developing innovative capacities that would allow overcoming the major difficulties that the other multilateral funds encounter, in particular:

How do we reach *disadvantaged populations in the South*?

The funds have a characteristic of having very high costs of transactions and negotiations between donors and recipients, particularly because of the complexity of rules and selection criteria. Very demanding in expertise, these selection mechanisms touch underprivileged populations only with difficulty. Evaluators of the *Fonds Francophone des inforoutes*⁷ (FFI) note the great advantage that their proximity, network and know-how give the individuals and NGOs in the North. Despite valiant teaching efforts, there is a predominance of projects coming from the North (5/2) though the objectives of the funds give priority to the South.

Those in charge for the DSF argue that they will evade these difficulties by relying on local authorities and their umbrella organizations. Their «drawers are filled with good projects on hold» and «the local authorities are, by definition, closer to the inhabitants than the national governments. They know the hopes and the needs of the local populations well. This is why they are generally better placed to extricate priorities, carry out decisions and determine solutions suited to the living conditions of the communities.» Evading the problem of selection criteria and links with the field through the participation of local authorities can seem to fall a bit short. Decentralization itself has its limits, in terms of «clientelism» or power games, lack of coordination with national or international programs or lack of pointed expertise in small day-to-day affairs. Considering that decentralization works well in some places and not others, «it is not because

⁷ One of the major funds in the field and which is known to have the clearest rules and to have made a number of efforts to explain its operation. Agence intergouvernementale de la francophonie « Evaluation externe du Fonds francophone des inforoutes, Rapport de synthèse », December 2002.

one is local that one is necessarily better.» The risk is that – without clear criteria and the creation of a network to share competences at the international level – we will see only a sprinkling of small projects, which are difficult to manage.

Which criteria should be used to support South-South co-operation? The placement of the DSF (Geneva, Lyon) does not support management from the South. The geographical distribution of 6/10 of the funds reserved for the least developed countries neither guarantees the development of South-South co-operation nor the emergence of enough projects coming from these countries matching future criteria of the DSF. An interesting track to create South-South exchanges would be to imagine a positive bias in favour of companies in the South and in emerging economies for supplying equipment and services.

How do we guarantee technological neutrality? The majority of funds finance already existing solutions and contribute to their reinforcement. It is thus necessary to establish mechanisms which enable promoting both technological and cultural diversity, while ensuring that no conditions such as the use of a specific trademark or software are imposed at the time of funding. But is this possible? Will companies that gain the «digital solidarity» label also have a preferential place as «beneficiaries» of the projects financed by the DSF?

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The multiplication of finance funds specialized in niches (or diseases in the case of the health sector) is a heavy tendency of international co-operation. Very different from a «Marshall Plan» vision, which consists of trusting countries in a true spirit of partnership, this fragmentation of assistance deprives countries of part of their freedom of choice while guaranteeing managers the recreation of a control system for

projects «which are good for others.» Extremely demanding in expertise and bureaucracy, it leaves little manoeuvring room for the recipients, with the decision makers of the South torn between the various criteria, editorial boards, and requirements of the funds controlled from the North.

At the stage of political expansion and before concrete implementation, the DSF claims exemption from these limits by largely embracing all tendencies.

Appealing to the alternative side, its new finance mechanism relying on a deduction on the fringe of private companies appears very promising. For a company, this contribution is «voluntary» only in name, as it is a prerequisite to obtain contracts. With time – and if strengthened by an international convention – this mechanism could well be a first step towards a tax on private profits in favour of development.

Appealing to the free-trade side, at the same time, the DSF defends a privileged position for private companies through the «win-win» approach of «help others, to help yourself.» Responding to the needs of disadvantaged populations in the South and opening new markets for companies in the North, the DSF could thus also be an interesting tool for companies wanting to reinforce their financial and technological base in the South.

Appealing to the «disappointed with development» side, as local authorities should allow short-cutting the heaviness of state institutions to work directly and in full knowledge with the ground level.

Let us hope that the innovations of the DSF (collection mechanisms and involving of local authorities) can be transformed into a springboard to overcome certain biases of existing funds, rather than a way of denying the limits of a system that the DSF does not fundamentally overcome, whether or not it wants.

Appendix: Synopsis of the World Digital Solidarity Fund

Mission

To reduce the digital inequalities between the information-poor and information-rich through new financial sources and by mobilizing networks of local authorities

Target for the announced action

- Geographic distribution of the recipients 6/10 least developed countries; 2/10 emerging economies; 1/10 developed countries
- Targets mentioned: Projects defended by the local authorities, Community development projects, women's organizations

Announced Actions

- Fund with voluntary contributions coming primarily from local authorities, governments, intergovernmental agencies and the private sector;
- Funds collection mechanisms based on public markets;
- Passing from political support to legal commitment;
- «Digital Solidarity» Label for contributing companies;
- Management and distribution of subsidies.

Structures

Foundation based on Swiss law whose governance relies on a tripartite Foundation Council of 24 to 33 members. This Foundation Council is composed of three colleges: 1) Governments, 2) Private companies and 3) Local communities + civil society. Nine seats are reserved for the largest contributors to the DSF. This Council supervises the Secretariat and names the Scientific Committee.

Incoming Resources (Upstream)

- Financial Resources: Contributions of 1% on the public information technology markets, voluntary contributions coming from the local authorities, governments, intergovernmental organizations, private and nongovernmental companies

- In Kind contributions: buildings and logistics made available by Geneva and Lyon.
- Human Resources and Management: 6% of the Fund will be allocated for administrative costs. Team under construction.

Activities in December 2004

- Foundation legal statutes and official registration
- Expansion of political support (in progress)
- Installation of the Fund structures, in particular, the Foundation Council, Scientific Committee, Secretariat (in progress)
- Fund Internet site (www.dsf-fsn.org).

Assignment (Downstream)

The criteria must be defined by the Scientific Committee which does not yet exist.

Follow up

Follow-up Mechanisms for contributor participation and labelling do not exist yet.

Next Big Political Steps

- Tunis 2005: Presentation of pilot projects and expansion of political support
- Geneva 2006: Introducing voluntary contributions into law «Geneva Principle»

Contacts

- Funds Secretariat in Geneva:
World Digital Solidarity Fund Foundation
Villa La Concorde
20, Rue de la Concorde
1203 Genève
Tél : + 41 22 979 32 50 / Fax : + 41 22 979 32 51
- secretariat@dsf-fsn.org
- International Agency for Digital Solidarity in Lyon having to accommodate the Scientific Committee (in progress)

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International organisations and initiatives

ICANN

<http://www.icann.org>

ICT Development Agenda

<http://www.ictdevagenda.org/>

InfoDev

<http://www.infodev.org>

Financing for development

<http://www.un.org/esa/ffd/>

The Global Fund to Fight AIDS, Tuberculosis and Malaria

<http://www.theglobalfund.org>

Digital Solidarity Fund

<http://www.dsf-fsn.org>

Fonds francophone des inforoutes

<http://www.francophonie.org/fonds>

World Trade Organisation (WTO)

<http://www.wto.org>

World Summit on the Information Society

<http://www.itu.int/wsis>

International Telecommunication Union (ITU)

<http://www.itu.int>

and on the international accounting rate regime:

<http://www.itu.int/osg/spu/intset/>

UNESCO

<http://www.unesco.org>

Swiss government

ComCom (Federal Communications Commission)

<http://www.fedcomcom.ch>

SDC (Swiss Agency for Development and Cooperation)

<http://www.deza.ch>

and more precisely on ICT4D (section on multilateral cooperation)

<http://www.deza.ch/ict4d>

ISCG (Information Society Coordination Group)

<http://www.infosociety.ch/>

Federal Office of Communications (OFCOM)

<http://www.bakom.ch>

Switch

<http://www.switch.ch>

International Civil Society

Association for Progressive Communication

<http://www.apc.org>

Civil Society – Working Group on Financing Mechanisms

<http://www.wsis-finance.org>

Choike

<http://www.choike.org>

CSDPTT

<http://www.csdptt.org>

Communication Rights in the Information Society

<http://www.crisinfo.org>

Global Policy Forum

<http://www.globalpolicy.org>

Internet Society
<http://www.isoc.org>

Financing for development (WEED-Terre des Hommes)
<http://www2.weed-online.org/ffd/index.htm>

PANOS
<http://www.panos.org.uk/global/reportsection.asp?ID=1002>

Public Interest Registry
<http://www.pir.org>

Swiss Civil Society

Comunica-ch
<http://www.comunica-ch.net>

Internet Society Geneva
<http://www.isocgva.ch>

Bread for All
<http://www.ppp.ch/communication>

Appendix: Biographies

Carron Joëlle

A graduate in international relations, Joëlle Carron is currently a trainee with the Swiss Coalition of Development Organizations. She is responsible for work on the World Summit on the Information Society (WSIS), and along with Michel Egger, she represents the coalition at the Swiss «Comunica» forum. She worked with Chantal Peyer on the preliminary study into the options for financing the information society in Switzerland, commissioned by Pain pour le prochain (Bread for All).

Egger Michel

After graduating from the University of Neuchâtel, Switzerland, in economic, political and social sciences, Michel Egger worked for 12 years as a journalist in various communications media. He joined the development aid organisation, Bread for All, in 1993, as policy development and information officer at the French speaking secretariat. It was in this capacity that he was a member of the official Swiss delegation at the first preparatory meeting of the WSIS (July 2002). In September 2002, he was appointed policy development coordinator for the Swiss Coalition of Development Organizations (Swissaid, Action de Carême, Pain pour le prochain, Helvetas, Caritas and Eper)

Ó Siochrú Seán

Seán Ó Siochrú is a writer, advocate and consultant in media and communications issues and has been involved throughout the WSIS process. For several years coordinator of the MacBride Round Table on Communication, he is now active with the CRIS Campaign focusing on communication rights (www.crisinfo.org). Books include Global Media Governance, A Beginner's Guide, (with Bruce Girard and Amy Mahan) and Communicating in the Information Society (editor with Bruce Girard). As a consultant he works exten-

sively with UN and international organisations, in over thirty countries. He is a director of NEXUS Research, an independent not-for-profit research organisation, and chairperson of Dublin Community Television in Ireland where he lives.

Peyer Chantal

Chantal Peyer studied history, political science and the science of religion, at Lausanne University, and conducted one year's field research at Banarès, in India, for her dissertation. She has been working for Bread for All for four years and was appointed to the post of policy development officer in September 2002. A specialist in information society issues, Chantal Peyer was a founding member of the Swiss civil society coalition «Comunica-ch», and a civil society representative in the official Swiss delegation to the WSIS.

Steiner Yves

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The issues of financing the information society and bridging the digital divide will be at the heart of the second phase of the World Summit on the Information Society (WSIS), to be held in Tunis, in November 2005. This issue of «Repères» does not aim to deal with all aspects of such a complex issue, but aims to:

- provide a critical analysis of the final report of the «Task Force on Financial Mechanisms» (TFFM), and the political and economic visions and paradigms that underlie the debates.
- contribute to the analysis and discussion of official development aid policy.

These issues are fundamentally important for developing countries and international civil society organisations involved in the WSIS process.

Bread for all (BFA) is the Development Service of the Protestant Churches in Switzerland. BFA collects money for about 400 development projects and programmes of Swiss Interchurch Aid (HEKS) and 14 mission associations in 60 countries. BFA informs inside the churches and in a broad public arena on matters relating to a globally fair, peace-promoting and sustainable development between North and South and gives development-policy inputs.

The series «Repères» (the german version is called Impulse) of Bread for all deals with actual issues of global development to promote justice, peace and sustainable development. The texts express the position of the authors and are not an official position of BFA except it is indicated as such a position.

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