



Roundup

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WSIS PrepCom-2: Creating Financial Solidarity

The second Preparatory Committee Meeting (PrepCom-2) of the Tunis Phase of the World Summit on the Information Society (WSIS), held in Geneva from 17-25 February 2005, sought to evaluate the progress made on the WSIS Plan of Action, adopted by 175 countries at the Geneva Summit in December 2003 (see *NGLS Online Roundup: Laying the Groundwork for Tunis*). PrepCom-2 brought together over 1,700 participants to focus on financial mechanisms, Internet governance, multi-stakeholder stocktaking, as well as what issues needed to be negotiated for the outcome of the Tunis Phase.

Yoshio Utsumi, Secretary-General of the International Telecommunication Union (ITU) and WSIS Secretary-General, opened PrepCom-2, urging delegates to set goals that are “both ambitious and achievable.” Minister Montasser Ouaili, speaking on behalf of Tunisia, the host country of WSIS Phase II, stressed that the success of the process depended on both phases, and that the second phase was a crucial building block. He pointed out that civil society involvement was critical and that civil society should take an active part in WSIS deliberations. Moritz Leuenberger, Federal Councillor of the Swiss Federation and Minister for the Environment, noted that the Geneva Phase had defined the political principles at the heart of the information society, including a vision of solidarity and inclusiveness. The Tunis Phase should see the concrete applications of those principles, he stressed.

As a result of the Geneva Declaration, Mr. Utsumi, in his report as Chairman of the High-Level Summit Organizing Committee, said the linkage between information and communication technologies (ICTs) and the global development agenda is now widely accepted. He noted that the international community will gather in a high-level plenary in New York in September 2005 to review progress made in the past five years on the achievement of the Millennium Development Goals (MDGs, see *Go Between 106*). He told participants “we have once again the opportunity to demonstrate that the ongoing information society revolution should promote wellbeing, progress and further sustainable economic development for all and to link ICTs closely to the realization of the MDGs.”

Mr. Utsumi noted that in October 2004, ITU and the Executive Secretariat developed a stocktaking database that will provide an inventory of activities undertaken by governments and other stakeholders to implement the Geneva Action Plan. So far, over 2,000 projects have been reported, and the database will be updated with new data up to and beyond the end of the Tunis Phase. Ongoing work on indicators will also help quantify the extent of the digital divide, evaluate progress made in bridging it, and track global progress in the use of ICTs to achieve the MDGs.

MECHANISMS FOR MOVING FORWARD

Translating the Geneva Plan of Action’s vision into reality was the most important issue before PrepCom-2, along with the

establishment of financial mechanisms to implement the projects allowing developing nations to build their ICT infrastructure. Mr. Utsumi stressed that firm political commitment from Member States, along with the necessary resources, would yield tangible success. He highlighted the creation of three mechanisms during Phase II: the Task Force on Financial Mechanisms (TFFM), which had completed its report and submitted it to PrepCom-2 for consideration; the Working Group on Internet Governance (WGIG), which produced its preliminary report, and the Group of the Friends of the Chair (GFC), which had prepared a draft of the possible outcome document of the Tunis Phase.

Noting that Internet was a relatively new global phenomenon, President of the PrepCom, Janis Karklins (Ambassador of Latvia), stressed the fact that new ground was being broken because the current legal system was based on inter-state relations whereas the Internet did not recognize State borders. WSIS was the first attempt to codify relations between States and a form of supra-national entity, which does not have a legal definition. Ambassador Karklins stressed that PrepCom-3 would be the PrepCom of the Internet. He also noted that the WSIS process was transparent and inclusive, and that it was the first time all stakeholders could participate in the debate on an equal footing.

PHASE II: A SUMMIT OF SOLUTIONS?

The draft document prepared by the GFC formed the basis for negotiations during PrepCom-2. Introducing the draft document, Ambassador Karklins said it aimed to reaffirm political commitments made during the Geneva Phase, to secure financial mechanisms, and to help ensure that the Tunis Phase is a “summit of solutions” that will bring the benefits of the information society to all.

The document, based on multi-stakeholder consultations that included regional and thematic meetings, contains two parts: a political chapeau and an operational part. The operational part consists of four chapters: From Principles to Action: A Summit of Sustainable Solutions; Financial Mechanisms; Internet Governance; and The Way Ahead.

The political commitment reaffirms the need “to build a people-centred, inclusive and development-oriented information society, premised on the purposes and principles of the Charter of the United Nations, international law and effective multilateralism, and respecting fully and upholding the Universal Declaration of Human Rights, so that people everywhere can create, access, utilize and share information and knowledge, to achieve their full potential and to promote sustainable development, to improve quality of life, to eradicate poverty and to attain the internationally-agreed development goals of the Millennium Declaration.” It also calls on governments and all stakeholders to join together to implement the

commitments set forth in the Geneva Declaration of Principles and Plan of Action.

Chapter 1 of the operational part calls on governments to elaborate comprehensive, forward-looking and sustainable national e-strategies as an integral part of national development plans, including poverty reduction strategies. Regional and international implementation is also stressed, including South-South cooperation in order to foster knowledge sharing. It also highlights the importance of achieving the indicative targets set out in the Geneva Plan of Action, noting as well the importance of indicators for performance evaluation and benchmarking; partnerships; and stocktaking.

Chapter 2 focuses on financial mechanisms while describing the scale of the digital divide and exploring the effectiveness of existing financial mechanisms. It also notes that attracting investment in ICTs has depended upon a supportive enabling environment for business and an ICT policy and regulatory environment that encompasses fair competition and market-friendly regulation. The chapter also points out a number of areas where the current approaches to ICT for Development financing have been insufficient, including ICT capacity-building programmes, materials and tools; communications access and connectivity for ICT services in remote rural areas and small island developing States; regional backbone infrastructure to link networks across borders in economically disadvantaged regions; and broadband capacity to Internet access at affordable prices, among others.

Chapter 3, on Internet governance and Internet-related public policy, will be discussed at PrepCom-3, based on the WGIG's final report, while Chapter 4 looks ahead to building an inclusive information society, and to creating follow-up mechanisms to implement the agreements and commitments reached during the Geneva and Tunis Summits.

Task Force on Financial Mechanisms

The Task Force on Financial Mechanisms introduced its report at PrepCom-2, entitled *A Review of Trends and an Analysis of Gaps and Promising Practices*. The report, based on extensive consultations, research, and reviews of information surrounding the role and effectiveness of financial mechanisms to support ICT for development, represents the Task Force's understanding "of the broad and constantly changing scope of the ICT sector and the use of ICT in the developing world from a financing and development perspective." The main areas of concern in the report were clustered into five general categories: Enabling Environment and Policies; Infrastructure; Access to Information and Knowledge; Content and Applications; and Capacity Development.

Shoji Nishimoto of the United Nations Development Programme (UNDP) presented the report, explaining that it focused on providing an analysis of the existing mechanisms and an identification of gaps and best practices that could be used to facilitate a broader set of consultations to feed into the WSIS deliberations.

The first reading of the text occurred in a cooperative environment with very little of the text left in brackets. The key points of discussion focused on the belief that the report was too much "one-size-fits-all" in its prescriptions. Least developed countries wanted a

special paragraph to address their particular situations. There was also a great deal of discussion on Paragraph 27, which relates to the Digital Solidarity Fund (DSF) and what its objective should be. Finally, governments agreed to welcome the DSF as "an innovative financial mechanism of a voluntary nature ... with the objective of transforming the digital divide into digital opportunities for the developing world by focusing mainly on specific and urgent needs at the local level." The text emphasizes the voluntary sources of "solidarity" finance, and states that the DSF will "complement existing mechanisms for funding the Information Society."

ICT Financing and Political Principles

From 22-23 February a debate was held, based on proposals by the Chair of the WSIS Subcommittee for the chapter on financial mechanisms. The first day saw extensive cooperation to refine the text but by day two the number of bracketed text, or clauses not agreed upon, increased. This was partly due to the fact that delegations reopened language in the Geneva Action Plan in order to address the difficulties facing small islands and least developed countries. Ad hoc drafting groups were then formed to facilitate work on the compromise texts.

Other sticking points surfaced in text dealing with the challenges for developing countries to bridge the digital divide in view of competing demands for development imperatives and scant resources, and the paragraph encouraging donors to align aid with the priorities of developing countries, particularly poverty reduction strategies. A number of States also had difficulties with the paragraph on emerging opportunities for a powerful commercial basis for ICT infrastructure investment in developing countries and the access of the latter to ICT-enabled services. The paragraph addressing current approaches to ICT financing gave rise to an animated debate since demand for financing may outstrip existing resources.

The Subcommittee again took up the paragraph on the Digital Solidarity Fund with some countries baulking at the notion that it should be financed by voluntary contributions (see box below). There was also a long discussion on the paragraph on improving financial mechanisms to make financial resources stable, predictable, untied and sustainable. This paragraph went to the heart of the matter by dealing with infrastructure or "ICT backbones," and providing affordable access to ICTs by reducing Internet interconnection costs charged by the backbone providers.

A Swiss Proposal

According to Marc Furrer, head of the Swiss delegation to PrepCom-2, "too much talk and not enough action" are hindering preparations for the upcoming Summit in Tunis, and the process is being bogged down by unnecessary debate over issues already resolved. On the final day of PrepCom-2, Switzerland put forward a proposal for a *Paper on the Implementation of the Geneva Declaration of Principles and Plan of Action* (WSIS-II/PC-2/CONTR/21-E). The proposal states that the second phase of WSIS in Tunis will be the phase of concrete action and solutions. Switzerland emphasized that the WSIS process should avoid trying to rephrase the Geneva Plan of Action, but instead to work on a paper on the implementation of the Geneva documents, showing "in a tangible way what is going on with regard to this implementation." Switzerland says its paper "should help make WSIS Tunis 2005 an attractive summit and

Digital Solidarity Fund

The Digital Solidarity Fund was proposed by President Abdoulaye Wade of Senegal at Phase I of the WSIS Summit and will be inaugurated by President Olusegun Obasanjo of Nigeria in his capacity as Chairman of the African Union on 14 March 2005 in Geneva. The Fund is seen as a voluntary and complementary financing mechanism to supplement existing financial mechanisms.

Registered in Switzerland, the Fund will be financed by voluntary contributions of 1% on contracts obtained by private ICT service providers that will allow them to use the "Digital Solidarity" label. The funds will be used to finance community projects, not major infrastructure investments, and will be allocated on the following criteria: 60% for projects carried out in least developed countries (LDCs); 30% for countries in transition; and 10% for developed countries, where there are instances of a digital divide. The administrative costs of the Foundation will not exceed 6% of total expenditure.

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should also show to the broader public why WSIS is relevant to the citizens of the world.”

Preliminary Report of the WGIG

The Working Group on Internet Governance (WGIG), meeting just before PrepCom-2 in Geneva from 14-16 February, discussed Internet Protocol (IP) addresses, administration of the Internet root server system and other issues, while completing its preliminary report. The Group moved closer to a common understanding of a working definition on Internet governance, identified public policy issues, and set out a timeframe for its work.

During the discussions, the WGIG considered a number of points: the fast moving technological environment; the need to be action-oriented; the roles and responsibilities of different actors set out in Paragraph 49 of the Declaration of Principles (including governments, intergovernmental and international organizations, civil society and the private sector); identification of the full range of issues that are Internet-related on a forward-looking, dynamic basis, with reference to the general and specific policy objectives embedded in the Declaration of Principles; a practical basis for distinguishing between technical and public policy issues; and that the term “governance” implies new forms of governance, based on a multi-stakeholder approach.

Their preliminary report also identified four issues as key for public policy areas that should be subject to further investigation and discussion, namely:

- (i) Internet infrastructure and management, including administration of the domain name system and IP addresses, as well as administration of the root server system. The future of ICANN (Internet Corporation for Assigned Names and Numbers), currently responsible for managing and coordinating domain names, falls in this category;
- (ii) Issues specifically pertaining to Internet governance, including spam, network security, and cybercrime. While these issues are directly related to Internet governance, the nature of the global cooperation required is not well defined and no one body is competent to deal with them;
- (iii) Issues relevant to the Internet, but with implications beyond it. These include intellectual property rights (IPRs) on international trade, which fall within the responsibility of existing organizations, such as the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO);
- (iv) Developmental aspects of Internet governance, particularly capacity building in developing countries.

The WGIG agreed that certain principles elaborated in the Geneva documents needed further discussion in the context of Internet governance, including terms, such as “multilateral,” “transparent,” and “democratic,” as well as the notion of the “full involvement of governments, stakeholders and international organizations.”

Two more meetings are planned for April and June of this year. The work of the WGIG leading to these meetings will be on the assessment of the adequacy of current Internet governance arrangements measured against the principles set out in the documents adopted at the Geneva Summit. The final meeting will focus on developing “proposals for action, as appropriate, on the governance of the Internet,” as called for by the Geneva documents.

CIVIL SOCIETY

Civil society met from 14-25 February. Civil Society Plenary sessions were held every morning to provide information exchange and reporting from the various civil society working groups. Civil Society Content and Themes Group held meetings every evening to decide on the selection of civil society verbal contributions for the PrepCom. During the two weeks, various working groups met regularly, discussing issues ranging from Internet governance, financial mechanisms, the regional caucuses,

and other WSIS-related subjects, such as human rights, cultural diversity, gender and the organization of side events at the Summit. Civil society continues to deliberate on its own working methods, with the objective of formulating procedures, modalities and processes of the various WSIS civil society bodies, such as the Civil Society Bureau, the caucuses and working groups.

Civil Society Focuses on Global Public Goods

On 21 February, civil society held a special session on financial mechanisms for ICT for development, with the Instituto del Tercer Mundo (ITeM) and the Third World Network (TWN) holding a debate on the provision of global public goods (GPGs). The panel presented the first outcomes of an ongoing research project on southern perspectives on WSIS. A report by Fernando Prada of ITeM, entitled *Financial Mechanisms for the Information Society from a Global Public Goods Perspective*, focused on financing strategies for information societies based on the conceptual framework of global public goods. After debating the issue, participants agreed that the strategy for providing and financing GPGs should include the following elements:

1. To create mechanisms that will put special emphasis on the infrastructure sector, especially strengthening those capacities in countries that are less able to mobilize resources.
2. To take advantage of the range of financial mechanisms offered by different sources of finance and to adapt these mechanisms to the needs of each country and of each component of the information society.
3. Sustained pressure to install financial mechanisms that are specially geared to the information society. For example, global taxes or the limited version of the International Finance Facility (IFF) so as to widen financial options and complement resources for developing countries.
4. Countries should be able to take advantage of the implicit division of labour that there is among different sources of finance.
5. The strategy should complement shortcomings in the national or local ambit.

A second paper, *Financing ICTs for Development with Focus on Poverty*, by Lishan Adam, looks at progress and issues in financing ICT4D in sub-Saharan Africa. The region consists of 34 of the 50 least developed countries and 14 of the 32 landlocked countries that face the most daunting economic, social and political challenges—poverty, income inequality, internal and external conflicts, disease, and high costs for basic infrastructure, including telecommunications. The report addresses two main perspectives: financing mechanisms to support the ICT needs of the vast majority of African poor (only 1.4% of people have access to the Internet) and mechanisms to support ICT to increase the rate of national development and economic growth in the region. The report highlights the importance of African countries’ participation in global governance issues, their access to trade and debt relief, which are viewed as critical for their improved participation in the information society.

Roberto Bissio (ITeM) contextualized the papers within the broader argument of global public goods. “It makes no sense if you are the only person in the world with a telephone,” he pointed out, noting that the value of communication increases with the number of users. Mr. Bissio said that it is important for the whole world to increase the value and the size of the global communication network, yet this public good is not paid for by those who benefit the most, the Global North, but instead by the poor people in the world by paying to get connected on the Internet while raising the common value. Mr. Bissio proposed the idea of global taxes to finance the global public good of communication and pointed to several models, including taxes on computer applications, microchips and domain names.

Martin Khor (TWN) emphasized that access to knowledge is a right and therefore receiving adequate financing to establish this access is a right too, rather than a demand. He agreed with Mr. Bissio that there is a strong need for new financial mechanisms to generate additional resources, suggesting that international taxation is no longer taboo. Both speakers made it clear that it is not

enough to propose new finance mechanisms, and stressed that the global economic environment—including intellectual property rights and the problems of debt payments and trade imbalances—needs to be reformed to achieve progress.

Governmental Bureau and Civil Society Bureau Meeting

Early on during PrepCom-2, a joint meeting was held between the PrepCom Governmental Bureau and the Bureau of Civil Society. Ambassador Karklins underscored the importance of such meetings, keeping with the tradition of the WSIS preparatory process that seeks to encourage a transparent exchange of views and the free flow of ideas. Civil society representatives emphasized the need for greater involvement of civil society in areas concerning security, logistical arrangements, selection of parallel events, roundtables, implementation and evaluation mechanisms, as well as follow-up of the WSIS process. CSOs requested more funding for civil society representatives at PrepComs and the Summit through fellowships and project financing.

Civil Society and Private Sector - Initial Meeting

William Drake of the Computer Professionals for Social Responsibility and Ayesha Hassan, International Chamber of Commerce, chaired a meeting that brought together 50 civil society and private sector representatives. Participants at the meeting agreed to work together to ensure maximum impact of their views during the time available to them in Tunis, particularly with respect to the multi-stakeholder principle.

ICT4PEACE

The Swiss Government, along with a core network of organizations and individuals, has launched an initiative to use technology to promote peace. The ICT4Peace project aims to use information and communication technologies to prevent fighting and help with post-war reconstruction efforts. An online community for humanitarian workers and international organizations has also been created as part of the initiative.

Daniel Stauffacher, Ambassador of Switzerland, and William Drake, Computer Professionals for Social Responsibility, made a presentation on ICT4Peace during PrepCom-2. The goal of the ICT4Peace project is to identify best practices and a clear framework for organizations using ICTs in humanitarian and peace operations. They suggested that peace is an obvious prerequisite for sustainable social development as a single conflict can wipe out years of development efforts.

Ambassador Stauffacher and Mr. Drake also noted that the Geneva Summit, in its preoccupation with negotiating complex issues contained in the Declaration of Principles and Plan of Action, overlooked the dimension of peace; however, they stressed that it should be incorporated as it fits in with the WSIS process and the larger objectives of the United Nations. ICTs can be used to monitor potential flashpoints and use early-warning capabilities to prevent conflict. In the event of a breakout of hostilities, ICTs can be used to mitigate damage and aid in post-conflict reconstruction and peace-building. To fully explore the potential of ICTs for peace, the issue must be addressed during the Tunis Phase, drawing on expertise within governments, defence establishments, civil society and the UN to prepare a comprehensive roadmap for conflict resolution that incorporates ICTs.

AFRICAN REGIONAL CONFERENCE

The Africa Regional Conference, held in Accra (Ghana) from 2-4 February 2005, brought together representatives of African

countries, delegates from other countries and people representing African and international organizations, the private sector and civil society. Working under the theme "Access—Africa's key to an inclusive Information Society," the conference examined a report on the implementation of the Geneva decisions, and discussed various topics, including financing the information society, indicators and benchmarking, ICTs for socio-economic development, access and infrastructure, industrialization and Internet governance.

The Accra commitments—the Action Plan for Africa and the Knowledge Economy—included concrete proposals for attracting investment in ICTs and recommendations on e-strategies and their uses for developing such sectors, such as education, agriculture, commerce and human resource management. In their resolution on financing the information society and bridging the digital divide, the governments of the African States noted that the conclusions of the TFFM's report regarding the adequacy of the existing financial mechanisms highlights several areas which require additional sources of financing and explains that they may not suffice; however, it does not explicitly call for clearly cut alternative mechanisms to fill the resource gap.

African States call upon international and regional organizations to assist African countries in the implementation of the WSIS decisions including the urgent development and implementation of a broadband ICT infrastructure as anticipated by the New Partnership for Africa's Development (NEPAD).

Regarding financial mechanisms, Africa called for support for the Digital Solidarity Fund that would complement and not duplicate other funding mechanisms. The countries further recommended that existing financing mechanisms should continue to be fully utilized to fund the growth of new ICT infrastructure and services. Africa will develop a plan of action containing specific ICT development projects, to be presented at Tunis for financial resource mobilization.

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