




world development report

2016 

DIGITAL DIVIDENDS

#wdr2016

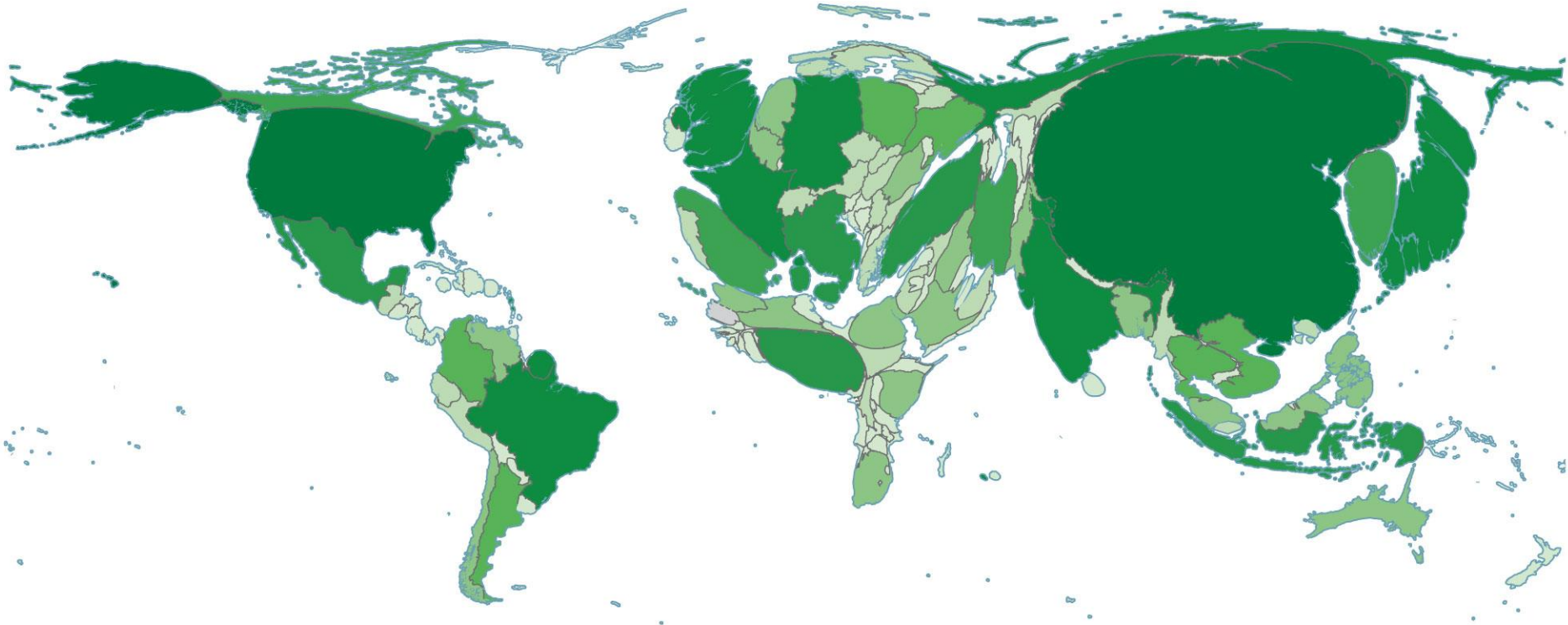
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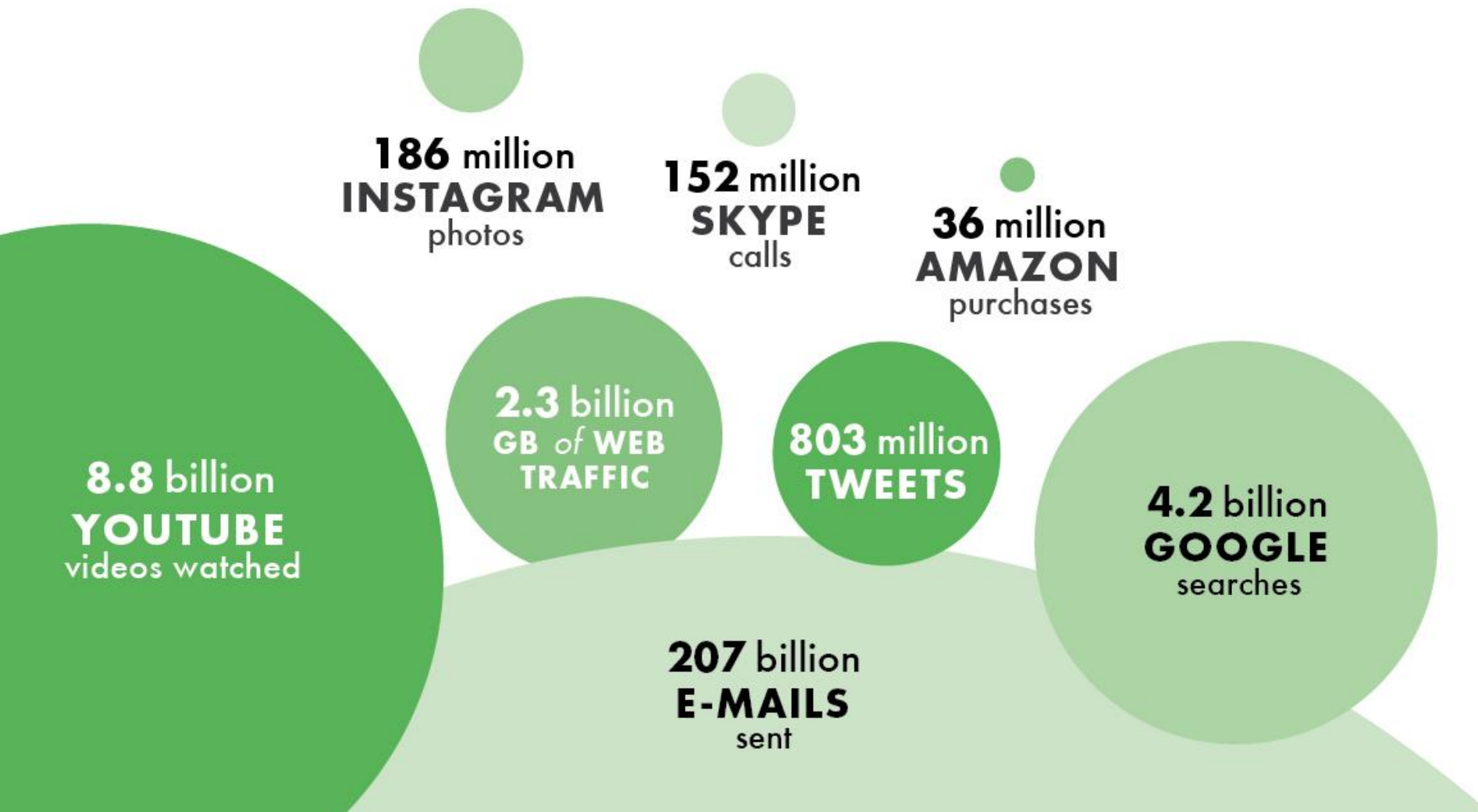
Digital technologies have spread rapidly

The world, based on internet population (2014)

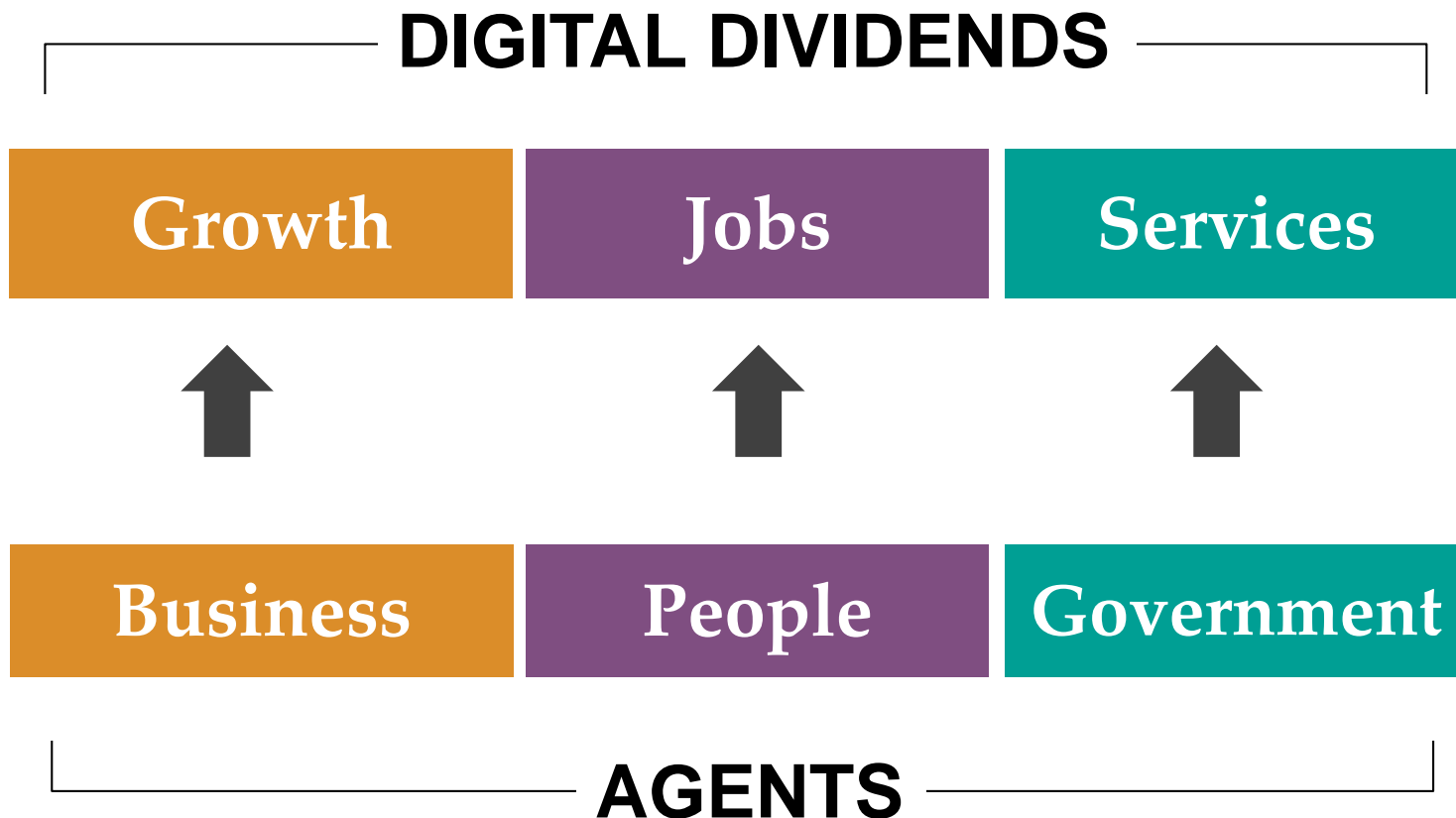


Digital revolution has brought many private benefits

A typical day in the life of the internet



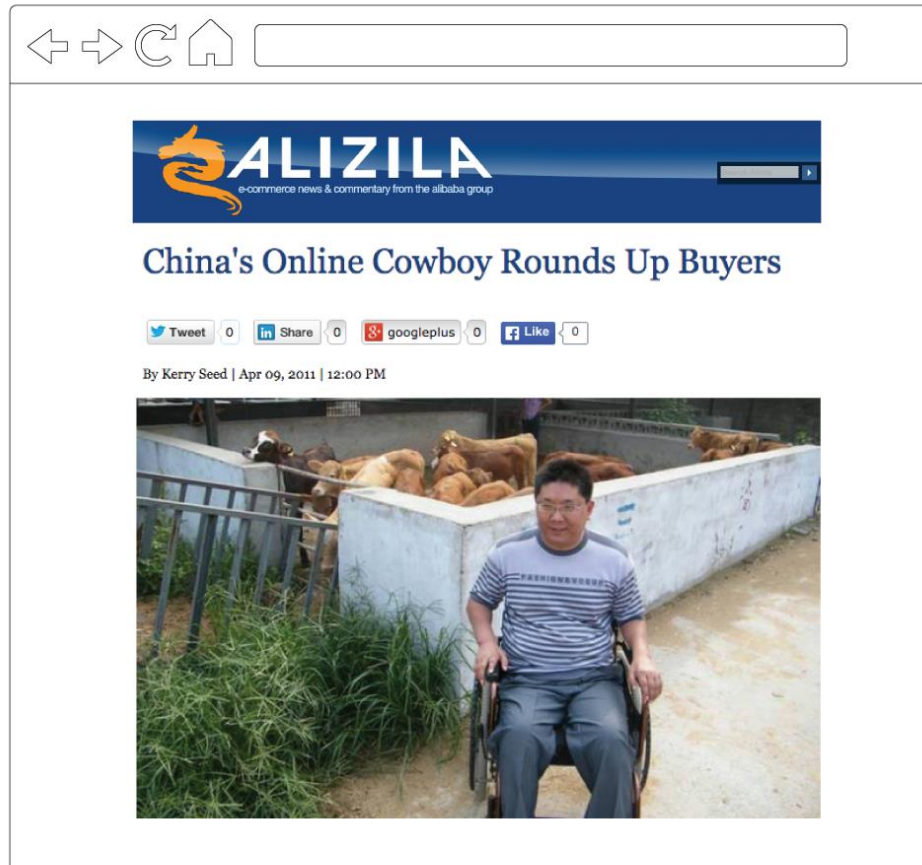
But are countries reaping sizable digital dividends?



Are the benefits reaching everyone, everywhere?

Digital technologies are transforming **BUSINESS**

DIGITAL **MARKETPLACE**



Number of small & medium enterprises on Taobao (Alibaba):

**5 MILLION
& COUNTING**

Digital technologies are transforming **PEOPLE'S LIVES**

DIGITAL PAYMENTS



*Where mobile
money accounts
outnumber
bank accounts*

*Number of mobile money
accounts worldwide:*

**300 MILLION
& COUNTING**

(end of 2014)

Digital technologies are transforming **GOVERNMENT**

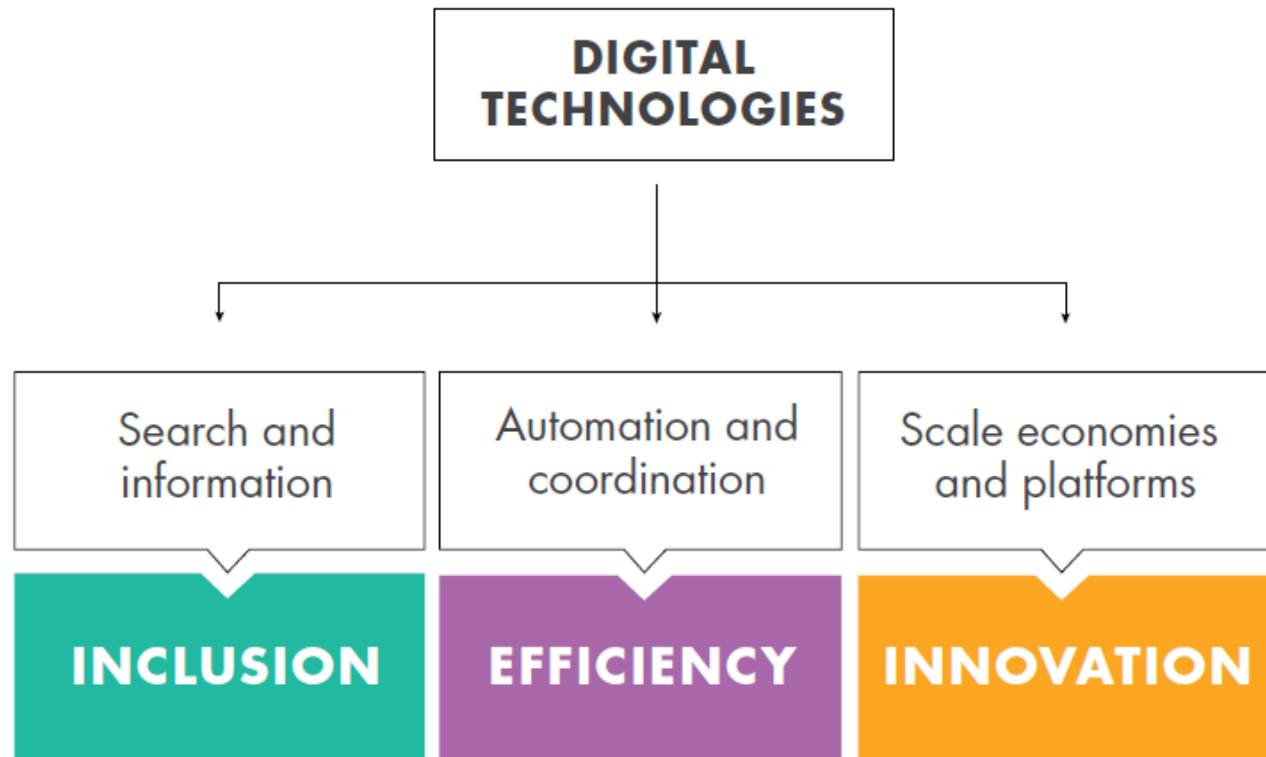
DIGITAL **IDENTITY**



Indians with digital identity:

**950 MILLION
& COUNTING**

The main mechanisms to promote development

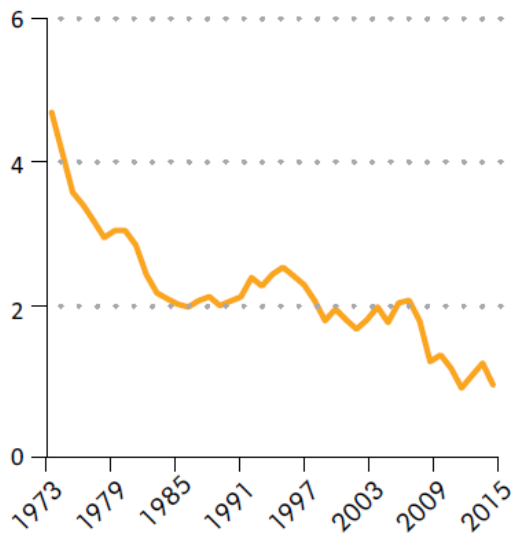


Expand the information base, lower information costs and create information goods

Then why the deep pessimism surrounding the global economy?

a. Global productivity

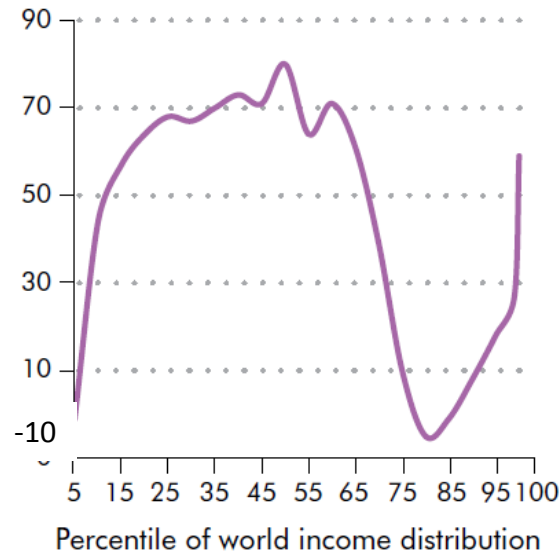
Five-year moving average of median growth of labor productivity per hour worked, in percent, in 87 countries.



Business

b. Global inequality

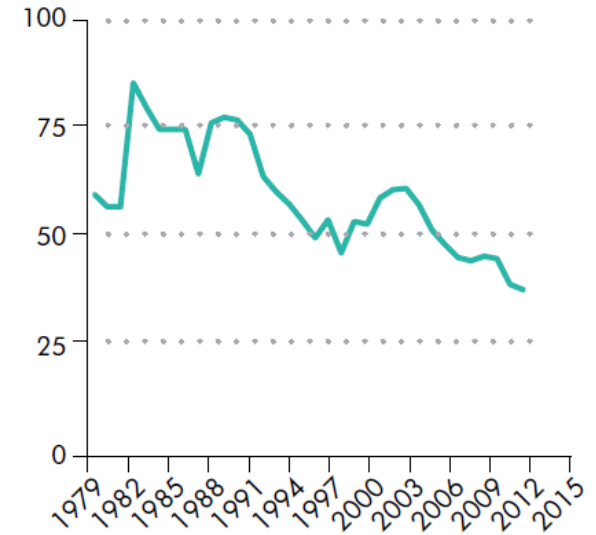
Percentage change in real income between 1998 and 2008 at different levels of world income distribution in 2003 prices



People

c. Global governance

Share of elections that are free and fair (%)



Governments

Not because of digital technologies, but in spite of them

1. A significant digital divide remains



6 BILLION *without* BROADBAND



4 BILLION *without* INTERNET



2 BILLION *without* MOBILE PHONES

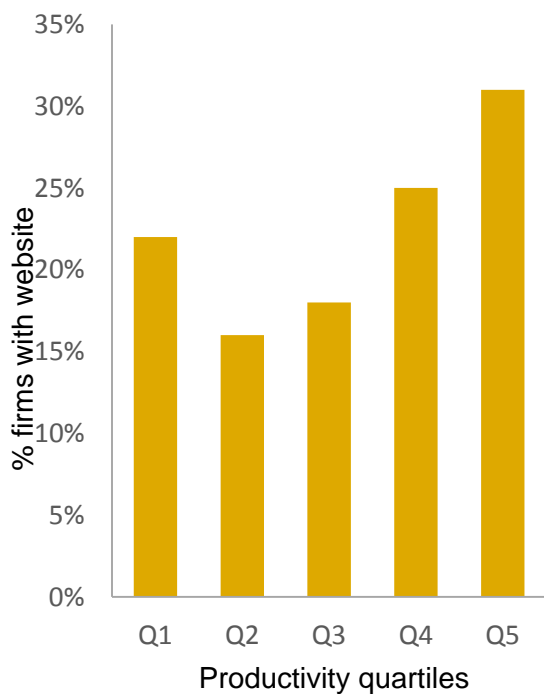


0.4 BILLION *without* A DIGITAL SIGNAL

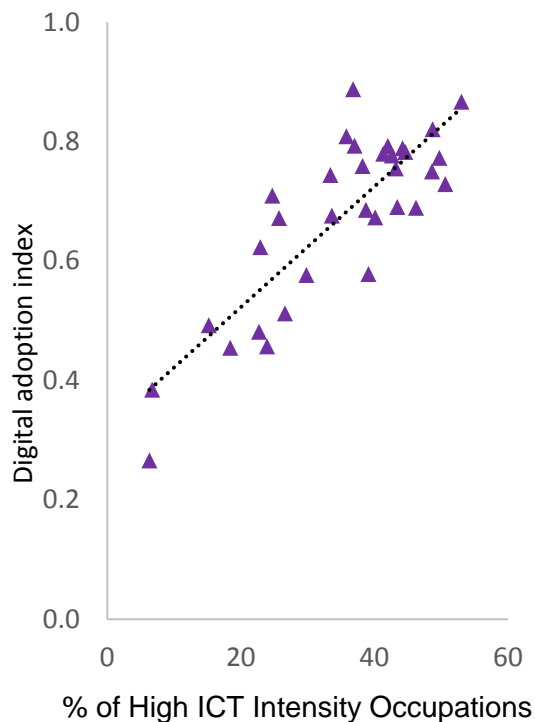
Divides persist between and within countries—in access and capability

2. Digital technologies tend to be:

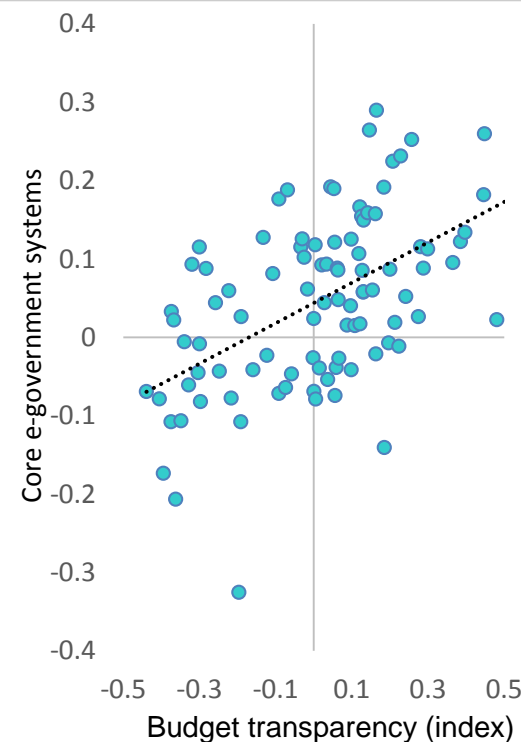
Productivity-biased



Skills-biased

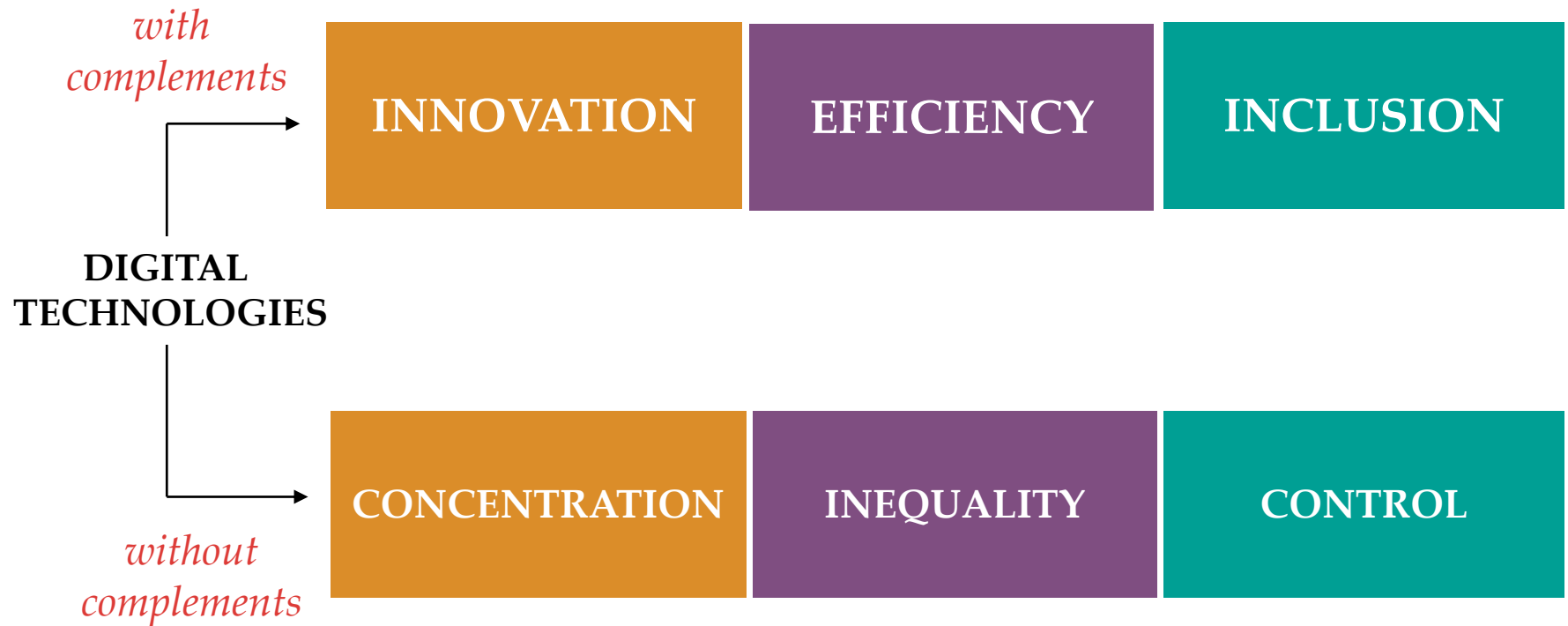


Voice-biased



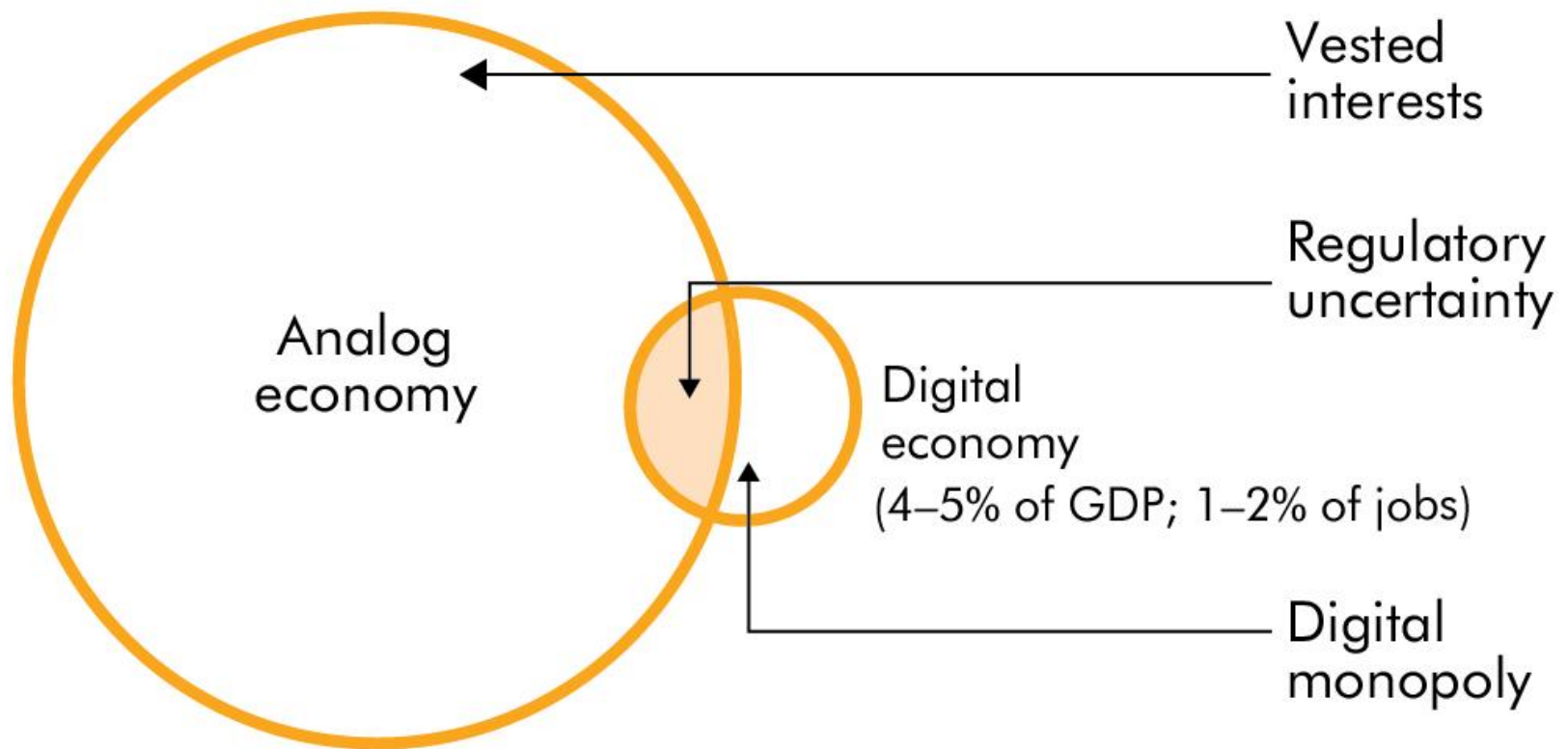
Limiting the aggregate gains from the digital revolution

3. Digital technologies hold benefits as well as risks



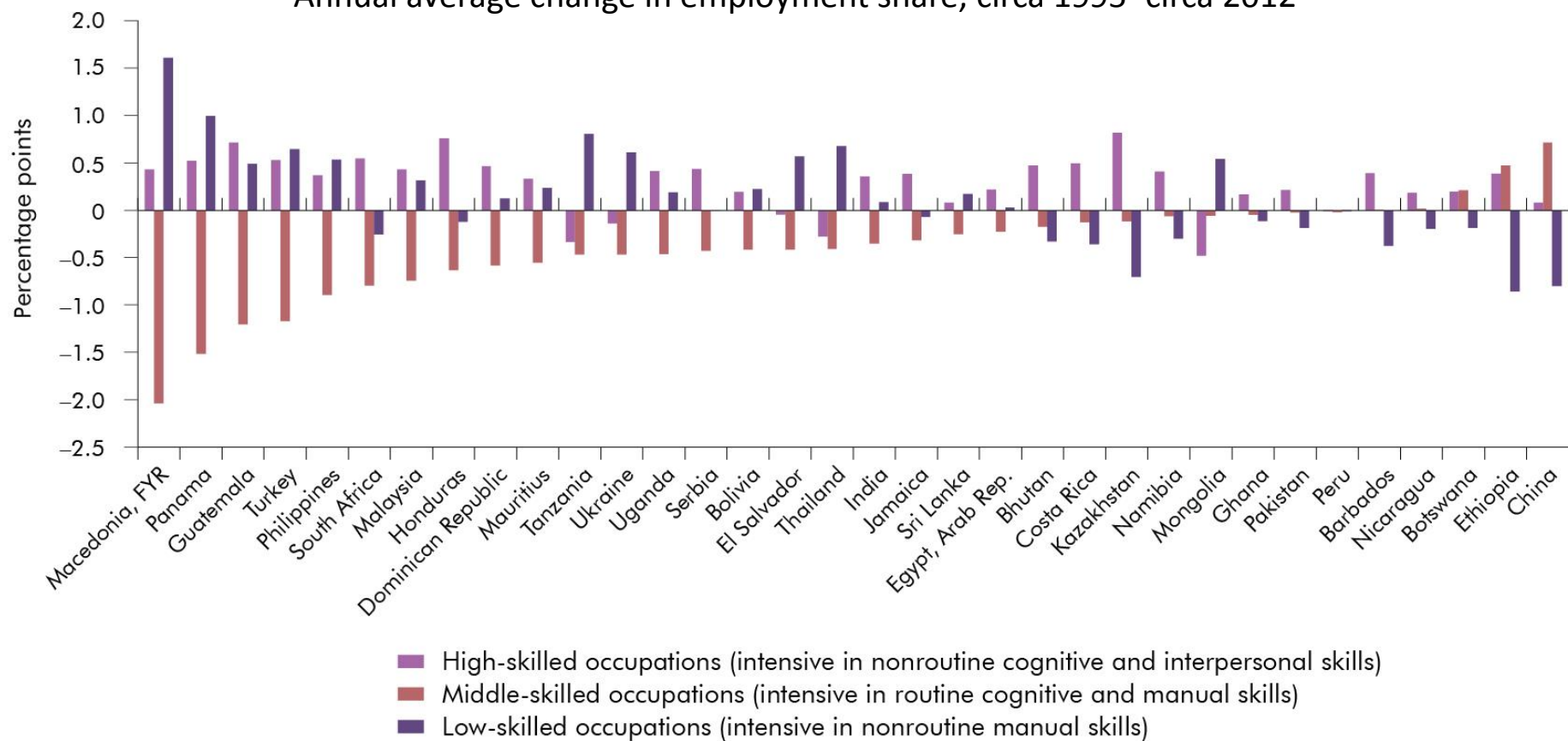
What are those complements?

Scale without **COMPETITION**










Automation without SKILLS

Annual average change in employment share, circa 1995–circa 2012



Information without **ACCOUNTABILITY**

CHANNELS → IMPACT → OUTCOMES

 Informing citizens	High	GOVERNMENT CAPABILITY
 Automating tasks	Medium	
 Citizens feedback	Medium	
 Provider management	Low	
 Free and fair elections	High	CITIZEN EMPOWERMENT
 Informed voting	Medium	
 Collective action	Low	

SERVICE DELIVERY

SERVICE DELIVERY



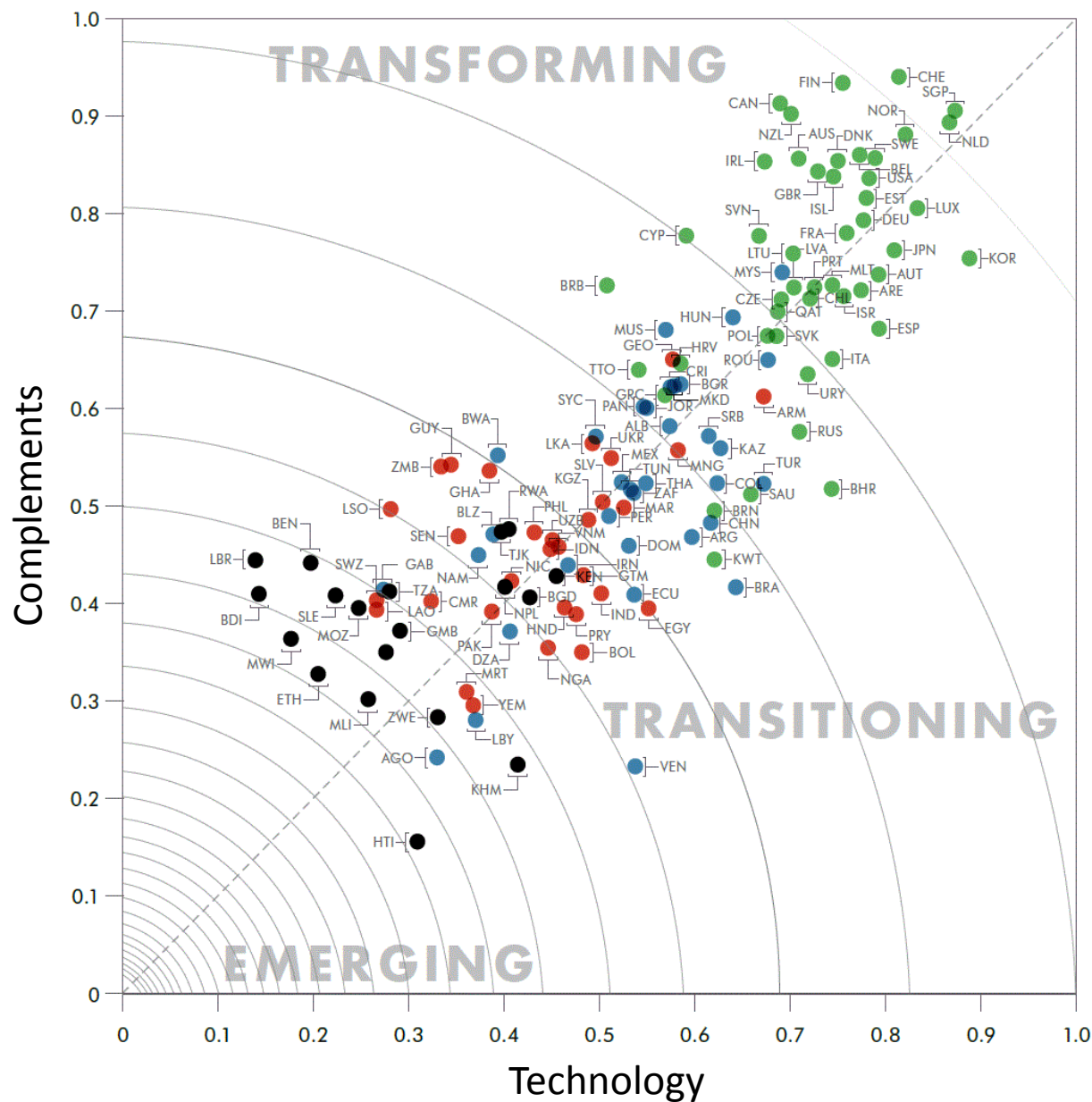
INCLUSION



EFFICIENCY



INNOVATION



Race between technology and complements

Complements: Index of quality of institutions, skills and regulations.

Technology: Index of quality of access to internet and related technologies.

The WDR 2016 proposes policies at three levels

SECTORAL

NATIONAL

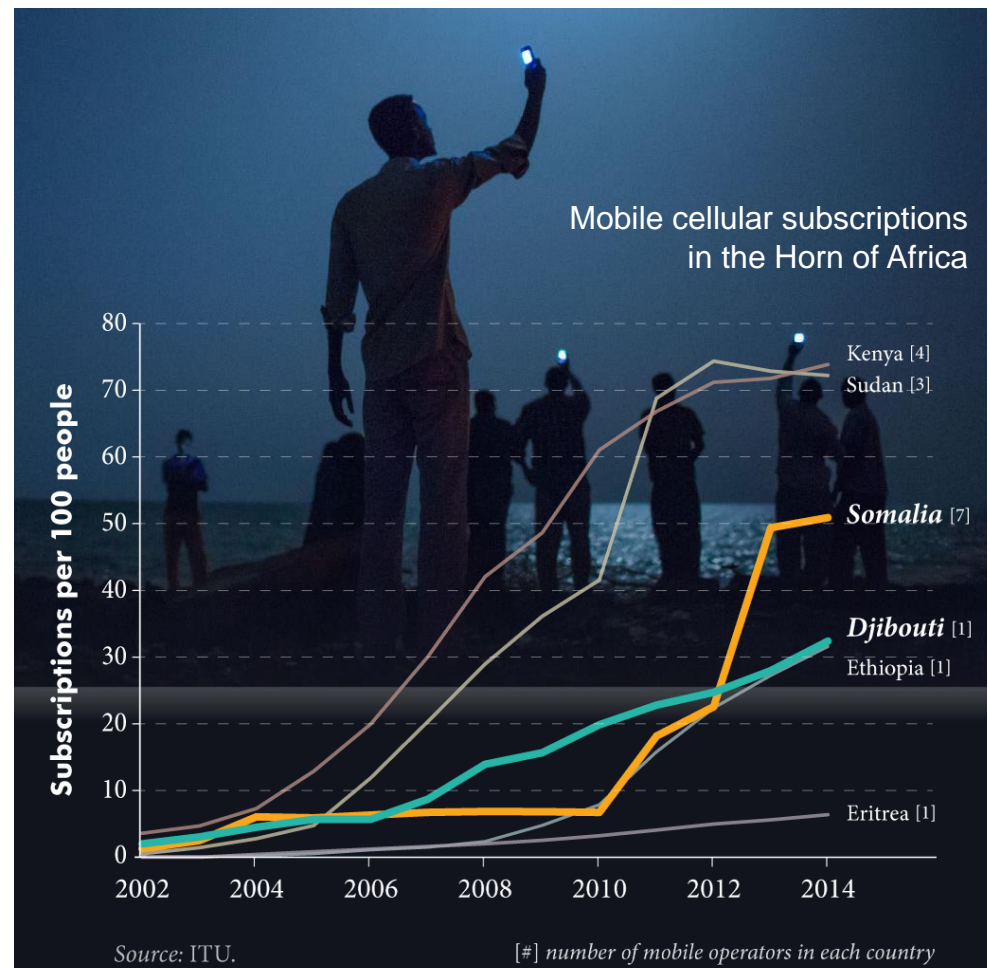
GLOBAL

SECTORAL POLICIES

Making internet access
universal, affordable, open and safe

SUPPLY SIDE ISSUES

- Competition policy
- Public-private partnerships
- Effective telecom & internet regulation



SECTORAL POLICIES

Making internet access
universal, affordable, open and safe

DEMAND SIDE ISSUES

- Protecting personal privacy
- Cybersecurity
- Censorship and content filtering

1993



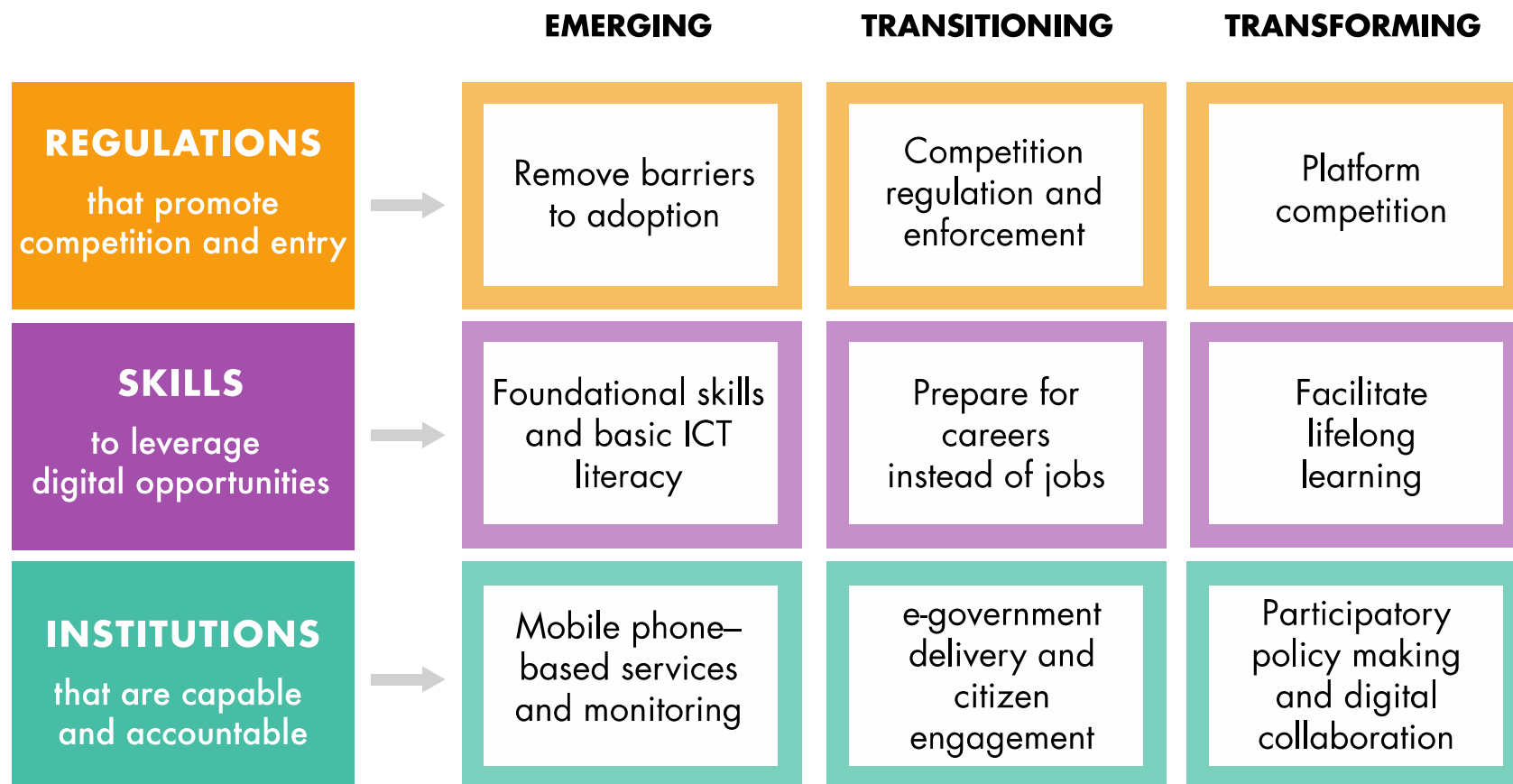
"On the Internet, nobody knows you're a dog."

2014

"Now Google and its like are surveillance machines that know not only that you're a dog but whether you have fleas and which brand of meaty chunks you prefer." (Economist)

NATIONAL PRIORITIES

Analog foundations for a digital economy



GLOBAL COOPERATION

International consensus on cross-border issues

- A governance model for an open and safe internet
- Removing barriers to a global digital market
- Leveraging information for sustainable development
 - *Get wired*
 - *Build platforms*
 - *Go global*

Digital development strategies need to be broader than ICT strategies

Understand the importance of analog complements

- Regulations that allow firms to connect and compete
- Skills that leverage technology
- Institutions that are accountable and capable

Match policies to the level of digital development


- Emerging: Lay the foundations by promoting digital adoption
- Transitioning: Enable everyone to take advantage of new technologies
- Transforming: Deal with the wicked problems faced in the new economy

The payoff

- Increasing digital dividends:
Faster growth, more jobs and better services



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