

world development report

2016 

DIGITAL DIVIDENDS

#wdr2016

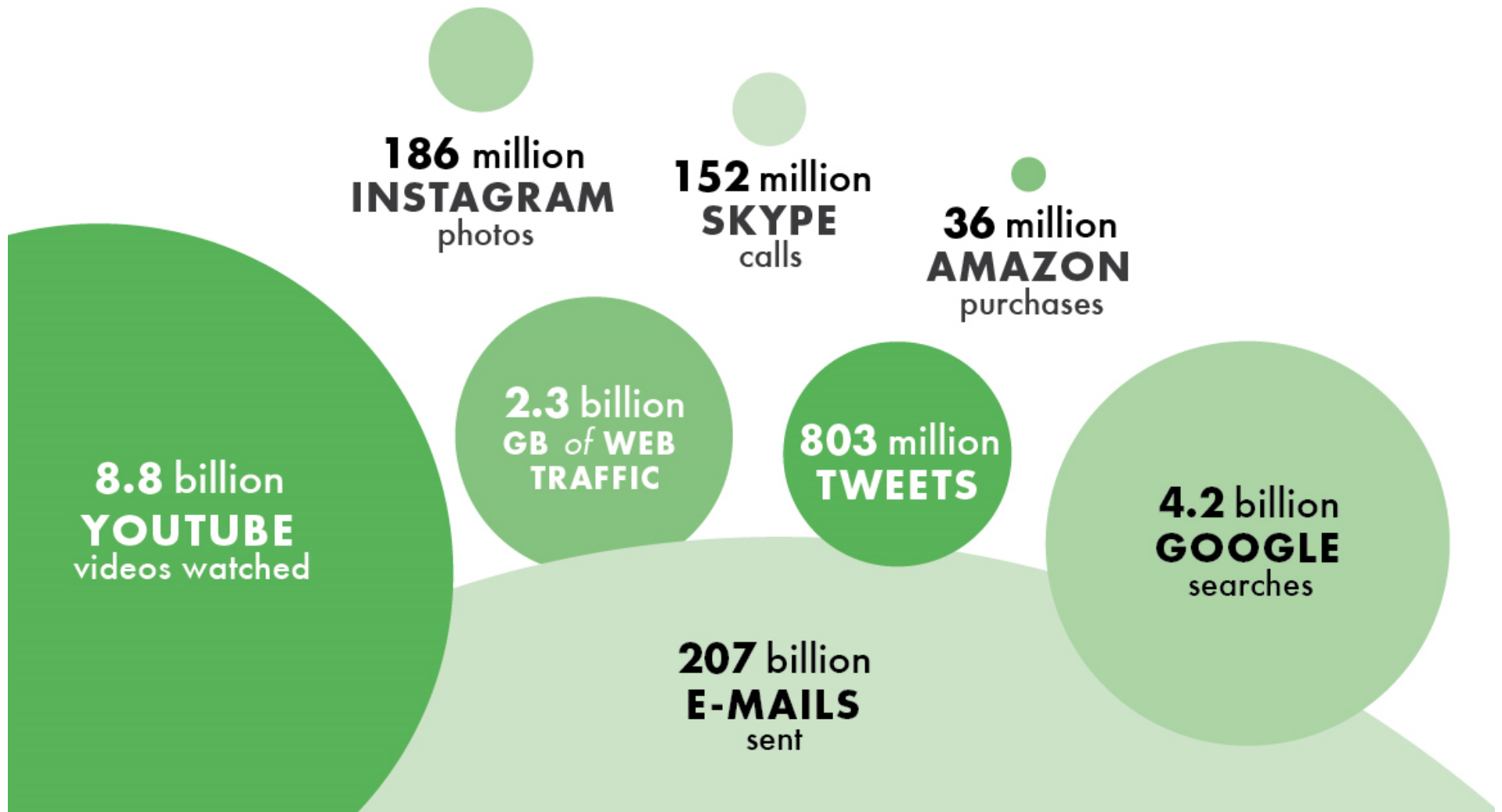
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Lead Economist and Co-director WDR 2016

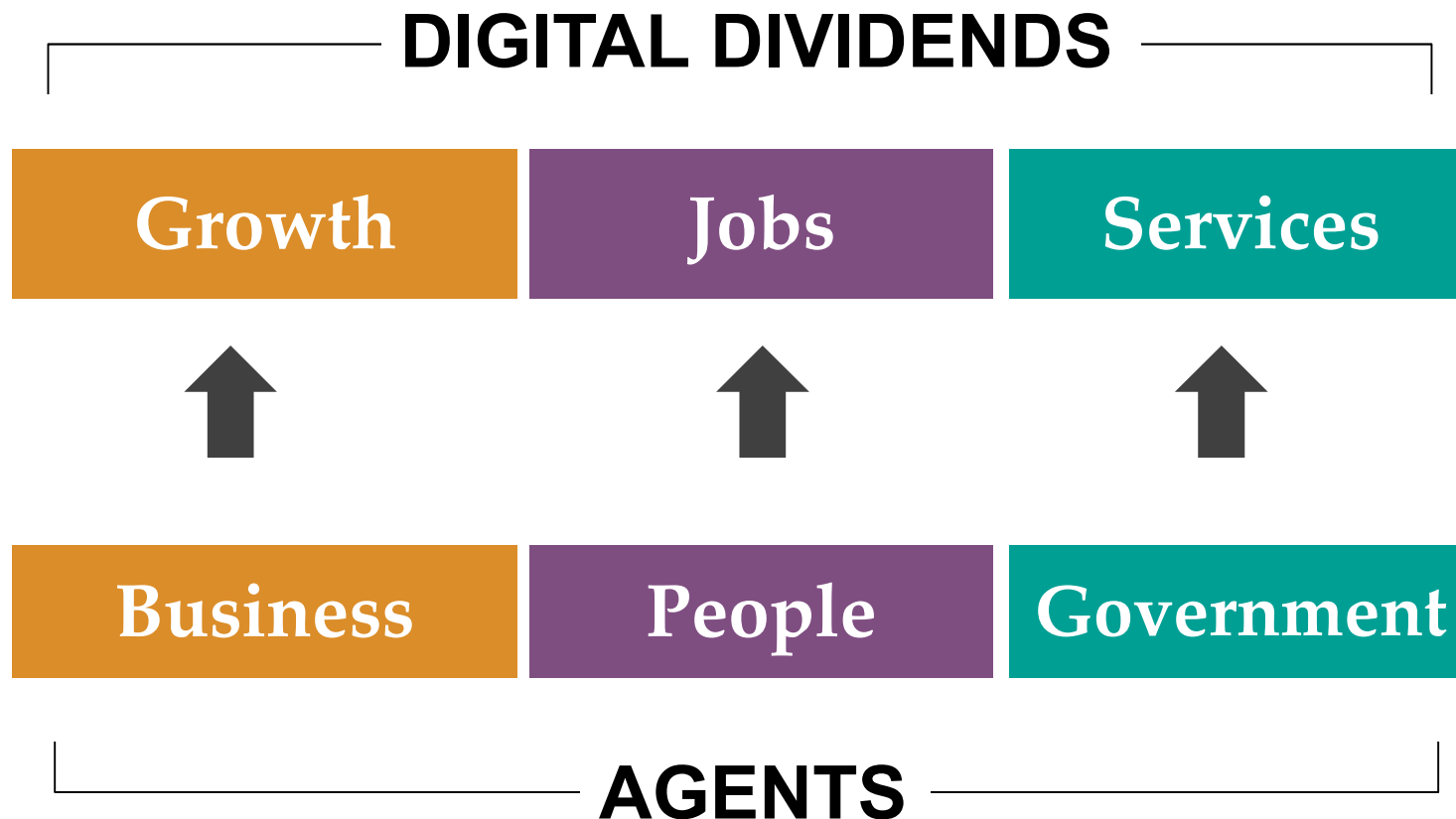
Digital revolution has brought many private benefits

A typical day in the life of the internet



SOURCE: WDR 2016 team; <http://www.internetlivestats.com/one-second/> (As compiled on May 29, 2015)

But are countries reaping sizable digital dividends?



Are the benefits reaching everyone, everywhere?

Digital technologies are transforming:

Business



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

People's lives



Number of mobile money accounts worldwide:
300 MILLION & COUNTING
(end of 2014)

Governments

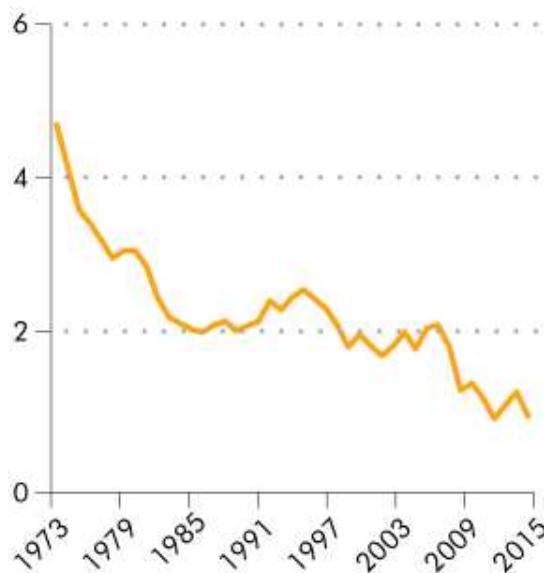


Indians with digital identity:
950 MILLION & COUNTING

But the aggregate impacts of digital technologies – growth, jobs and governance—have fallen short and are unevenly distributed

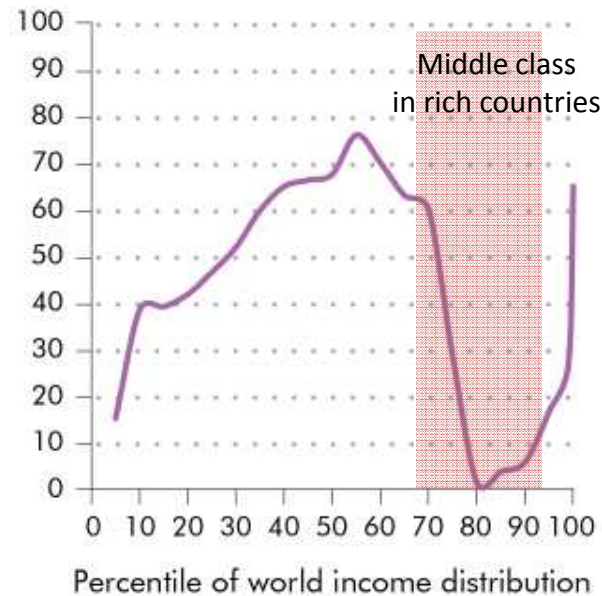
a. Global productivity

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



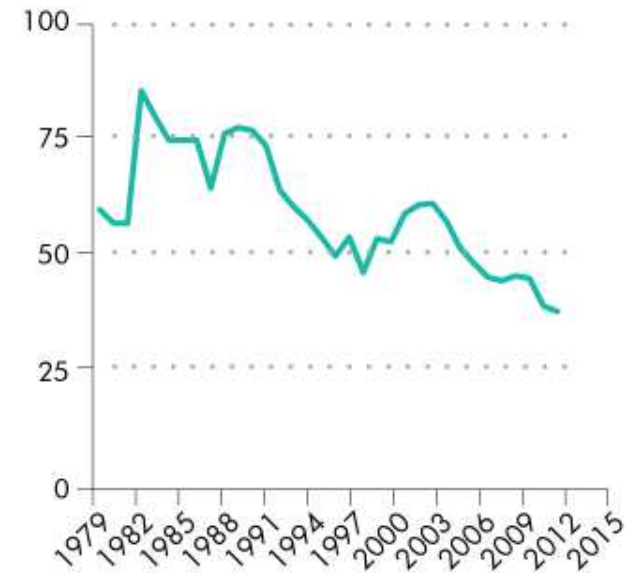
b. Global inequality

Percentage change in real income between 1988 and 2008 at different levels of world income distribution in 2005 (international) prices



c. Global governance

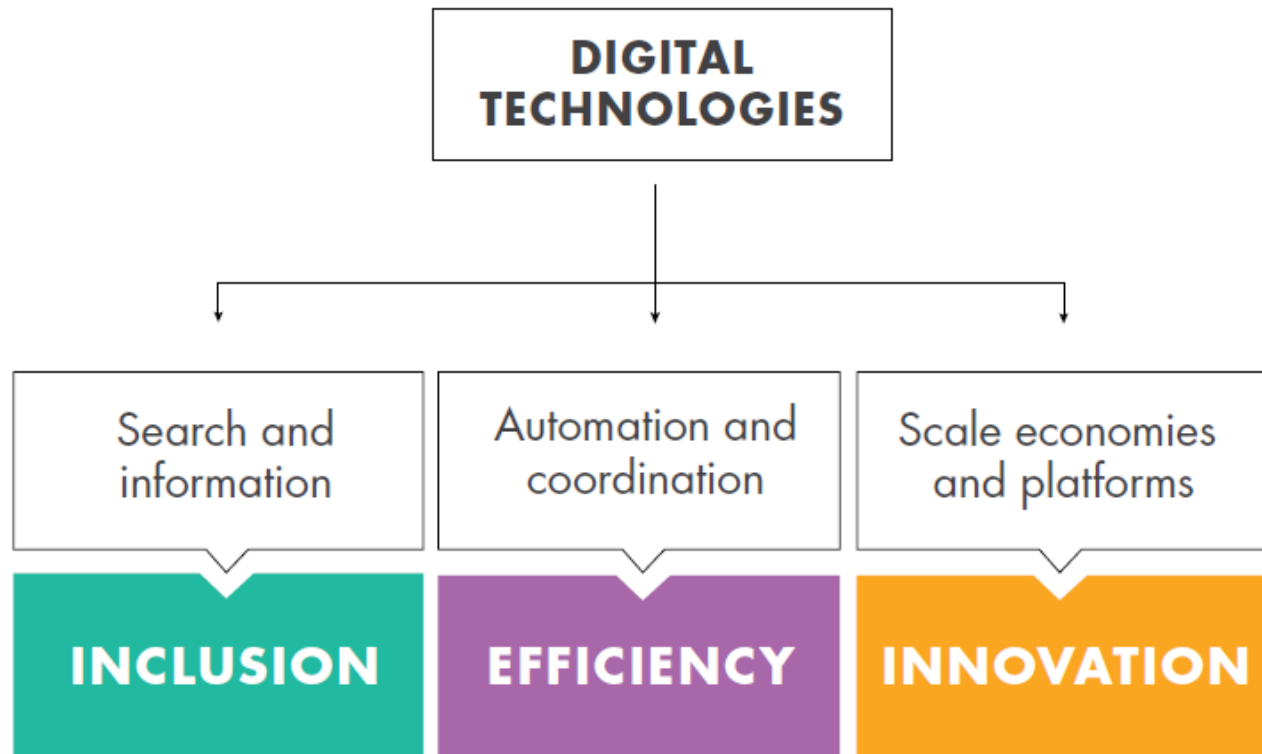
Share of elections that are free and fair (%)



Not because of digital technologies, but in spite of them

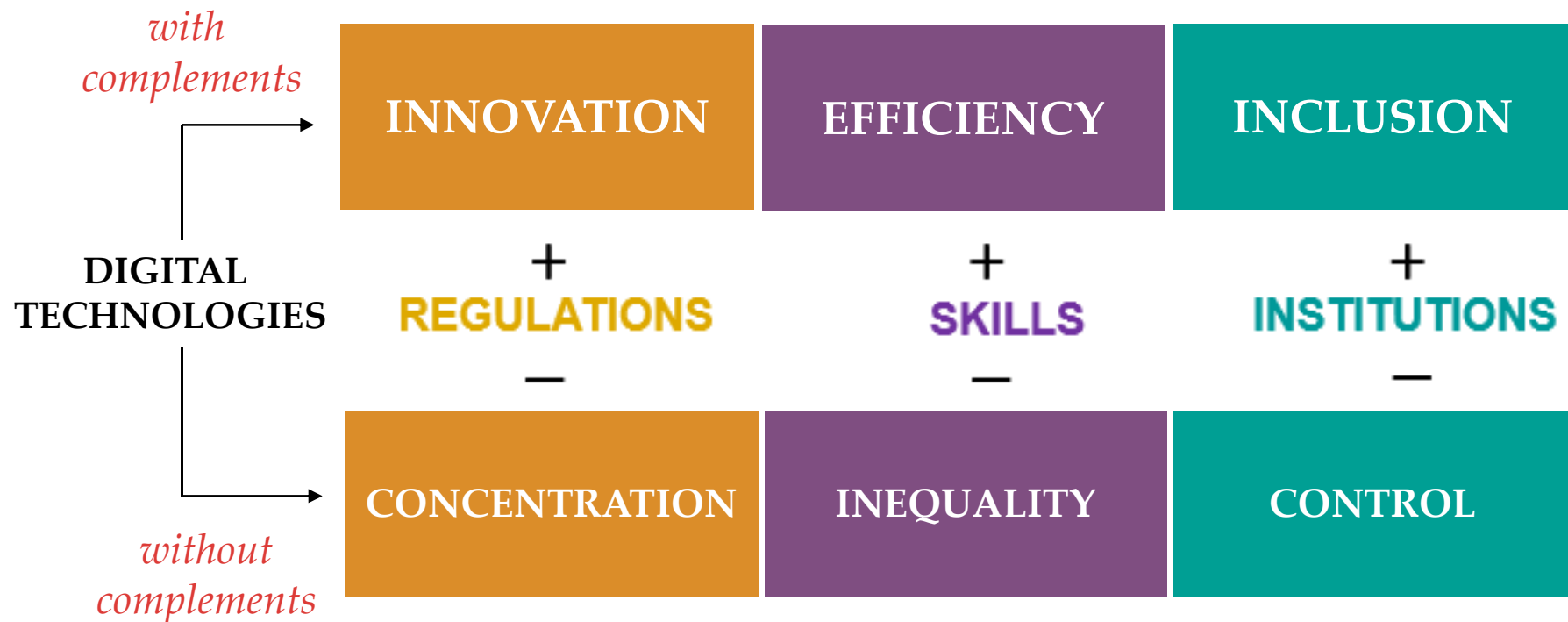
SOURCE: Total Economy Database, Conference Board; and WDR 2016 team; Christoph Lakner and Branko Milanovic 2013; Bishop and Hoeffler 2014.

The main mechanisms to promote development

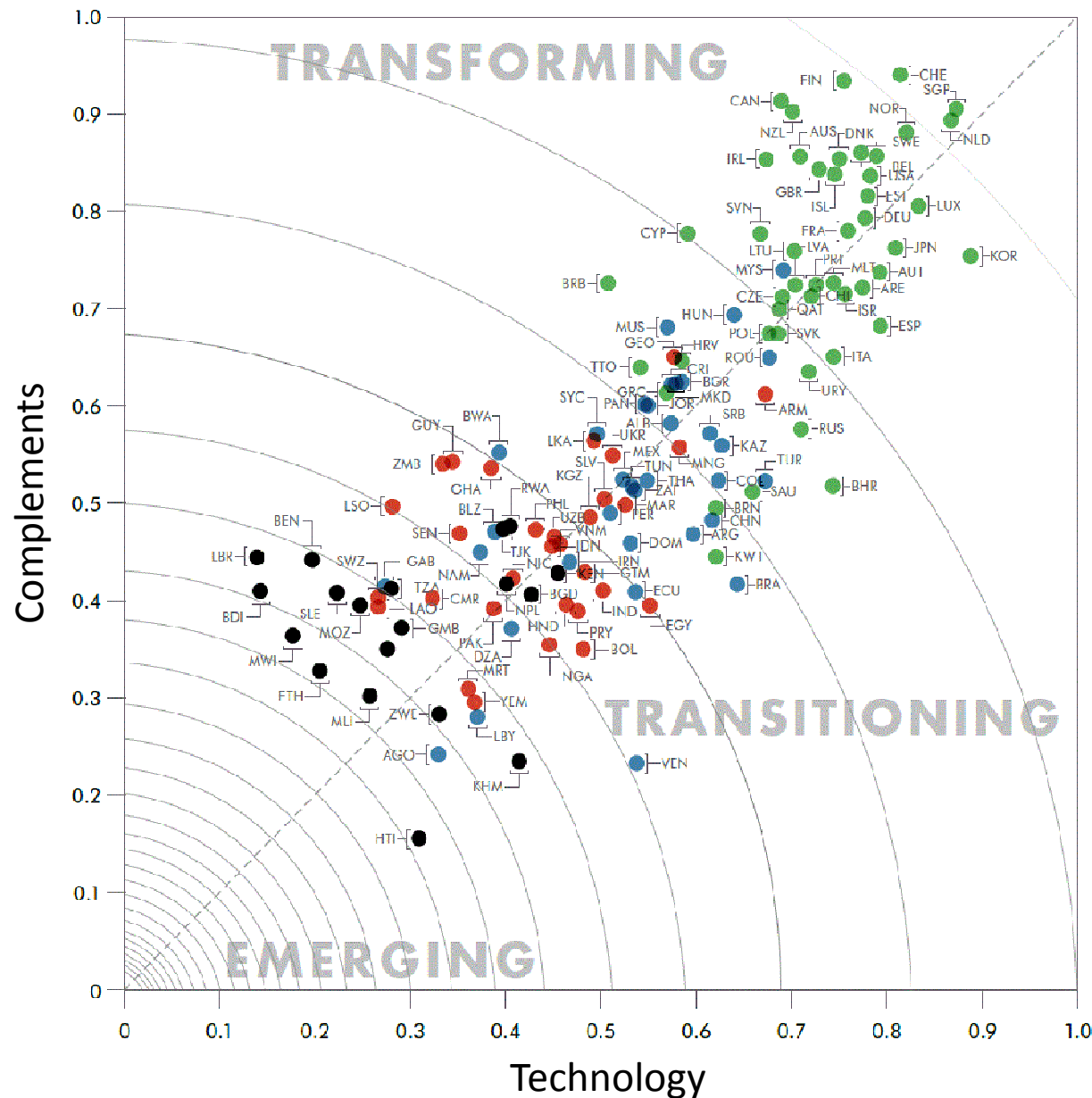


Expand the information base, lower information costs and create information goods

Digital technologies hold benefits as well as risks



What are those complements?



Race between technology and complements

- High-income
- Upper-middle-income
- Lower-middle-income
- Low-income

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

Technology: Digital adoption index - businesses, people and governments.

SOURCE: WDR 2016 team. For more details see figure 5.3 in the full Report.

The WDR 2016 proposes policies at three levels

SECTORAL

NATIONAL

GLOBAL

SECTORAL POLICIES

Overcoming digital divides across people, firms, and governments



6 BILLION *without* BROADBAND



4 BILLION *without* INTERNET



2 BILLION *without* MOBILE PHONES



0.4 BILLION *without* A DIGITAL SIGNAL

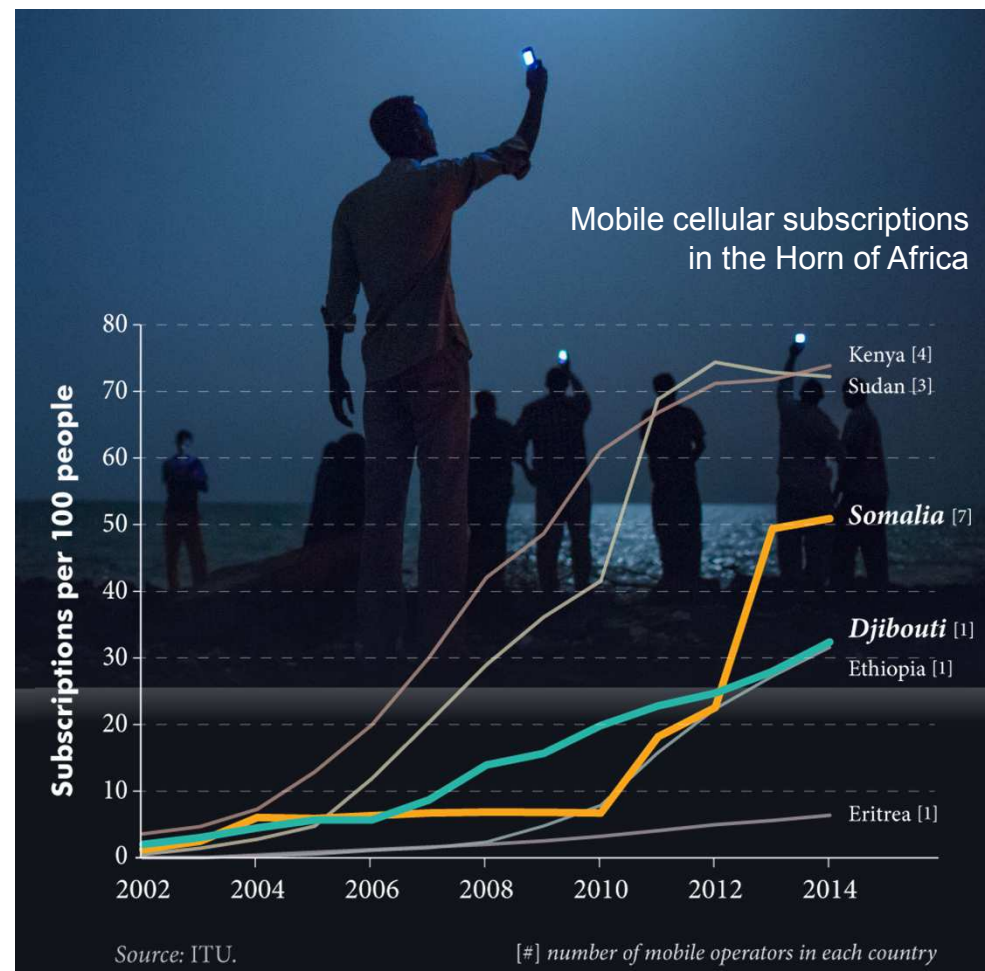
Divides persist between and within countries—in access and capability

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



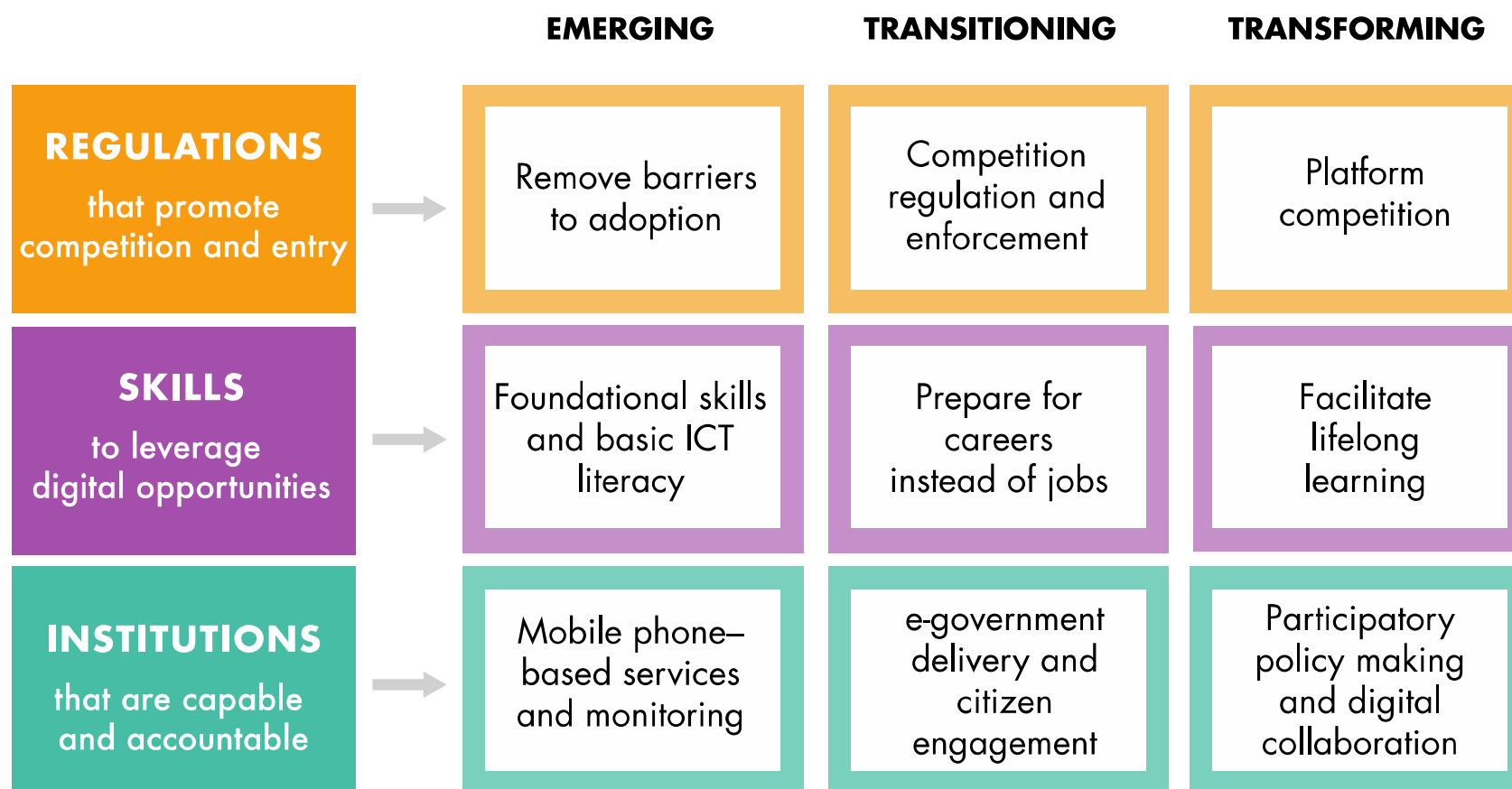
"On the Internet, nobody knows you're a dog."

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



SOURCE: WDR 2016 team.

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 beyond ICT

Connectivity + Complements → Digital Dividends

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

Digital technologies add new dimensions to development

- They amplify the impact of good (and bad) policies → Failure to reform means falling further behind
- While not a short-cut to development, they can be an accelerator, by raising the quality of complements

The payoff

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

A group of people are silhouetted against a dark night sky. They are standing on a beach or rocky shore, holding up their smartphones to take photos of a bright, full moon. The scene is dark, with the only light source being the moon and the small screens of the phones.

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Thank You!