

e-nabling a Better World

Mohamed Muhsin

Vice President & Chief Information Officer, the World Bank Group

E-Transformation Conference

New Delhi, India

March 16, 2005



Ladies and Gentlemen, the challenges we face on this planet range from AIDS to overpopulation to war and environmental degradation - and affect the basic quality of life.

Why am I talking about these challenges today?

- Because these are the challenges that confront all of us;
- Because our world is increasingly interconnected;
- Because we can all contribute; and
- Because we can all make a difference.

These are the global issues that confront the world in the next millennium.

- We live in a world so rich that global economy is more than \$31 trillion a year. But in this same world, 3 billion people—more than half the people in developing countries—live on less than two dollars a day.
- Less than 20% of the people control 80% of the income.
- The population on earth during the Renaissance 500 years ago was about 500 million people. On the same planet today, it is 6.4 billion. By 2050, the world's population will increase to 9.1 billion people, and virtually all the growth will be in the developing world, especially in the 50 poorest countries.
- Sixteen of the twenty poorest countries have suffered a civil war in the last ten years.
- Presently 42 million people are infected with the HIV virus, 95% of whom live in the developing world.

These global issues are interconnected – we live in one world. In this world, poverty somewhere is poverty everywhere.

This is the concern of the World Bank, one of the largest sources of development assistance in the world today. This is also the concern of governments, central banks, and financial institutions, who are represented here today.

Just last fall, in a visit here in New Delhi, World Bank President Jim Wolfensohn stated, "India is central to global stability, peace and economic prosperity, since its development is not just an issue for Indians but for the entire planet."

He spoke of a "two-speed India" – the global fast lane of entrepreneurial talent and technological creativity, a lane where Indian companies are becoming a global presence; and in the other lane, are the 600,000 villages of rural India where most of India's over 250 million poor people live on less than \$1 a day.

Now as you recall the images which you saw in the video, on the development sphere, let us think not only of a "two-speed India" but a "two-speed world."

The challenge is how to empower everyone to travel the global information highway – through access, tools, and knowledge.

Rabindranath Tagore the Indian poet and sage reflected the importance of knowledge so well when he said:

*"Where the mind is without fear and the head is held high;
Where knowledge is free"*

What can we do about it?

Tapping into the World Bank's many years of accumulated experience, I would like to talk today about two "pillars" that can make a difference – improving the investment climate, and improving services to the poor.

The first and most critical pillar is creating the right investment climate.

Creating a good investment climate is not an overnight process. But we cannot afford to delay. I'm reminded of the story of the French General who once asked his gardener how long a tree would take to reach maturity. When the gardener answered that it would take 100 years, the General said, "In that case, plant it this afternoon."

China's growth over the last 20 years has been unprecedented, lifting 400 million people out of poverty. India has more than doubled its average growth rate since the 1970s, making big inroads into poverty reduction. Uganda achieved a growth rate from 1993 to 2002 that was eight times the average in Sub-Saharan Africa, also slashing poverty.

How did they do it? The roots can be found in their respective efforts in improving key elements affecting the Investment Climate, whether they are property rights in China, tariff and licensing reform in India or macroeconomic stability and tax and court system reform in Uganda. As the result, they all managed to bring down the poverty level drastically. (See Fig. 1)

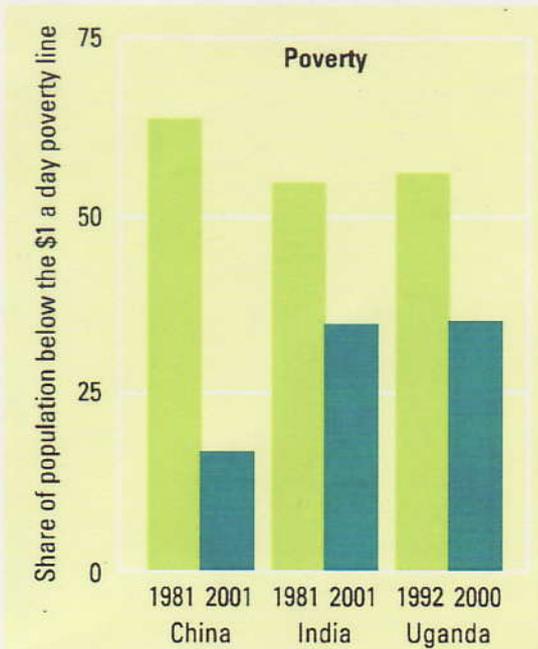


Fig 1: Clear correlation between efforts in improving the Investment Climate with poverty reduction. Source: WDR 2005

- Beginning in the early 1980s, China introduced systems for property rights and private enterprise; they began to liberalize trade and investment as part of a broad program for improving the investment climate.
- India introduced reforms to reduce tariffs and loosen licensing requirements in the mid-1980s, followed in the early 1990s with more extensive trade liberalization.
- In the early 1990s, Uganda began an ambitious and successful program to improve its investment climate. Macroeconomic stability was achieved. Expropriations by a previous government were reversed. Trade barriers were reduced. Tax and court systems were reformed. Private sector participation and competition were introduced in telecommunications. Now efforts are under way to improve business regulation.

In all this there were important elements of government policy and behavior:

- First, macroeconomic stability and openness to trade;
- Second, good governance and effective public sector, financial and legal institutions;
- Third, adequate transportation, power, and communications infrastructure.
- Fourth, the right incentives to business including small and medium enterprises; and
- Fifth, the aggressive use of Information Technology.

It has now been clearly demonstrated that poverty reduction is linked with growth, and growth requires investment. Investment follows where the investment climate is good. And as a result more jobs are created.



Fig 2: How Government policies and government shape the Investment Climate Source: WDR 2005

When the World Bank interviewed 68,000 poor people, they identified getting a job – through self-employment or earning wages – as the most promising path out of poverty. Better job opportunities increase incentives for people to invest in their education and skills, and this complements efforts to increase development and improve the quality of life.

Interestingly, the private sector accounts for 90 percent of the jobs in developing countries. And these are primarily not big corporations, but small and medium sized businesses, and farmers who are putting capital and ideas to work.

For all this to work, the business environment must have the right incentives and motivation. Businesses in poor countries face much larger regulatory burdens than those in rich countries. This could be due to the various policy impediments and/or lack of leveraging the recent technology development. These barriers need to be removed.

- It takes 153 days to start a business in Maputo, but 3 days in Toronto.
- Borrowers and lenders are entitled to 10 main types of legal rights in Singapore, but only 2 in Yemen.

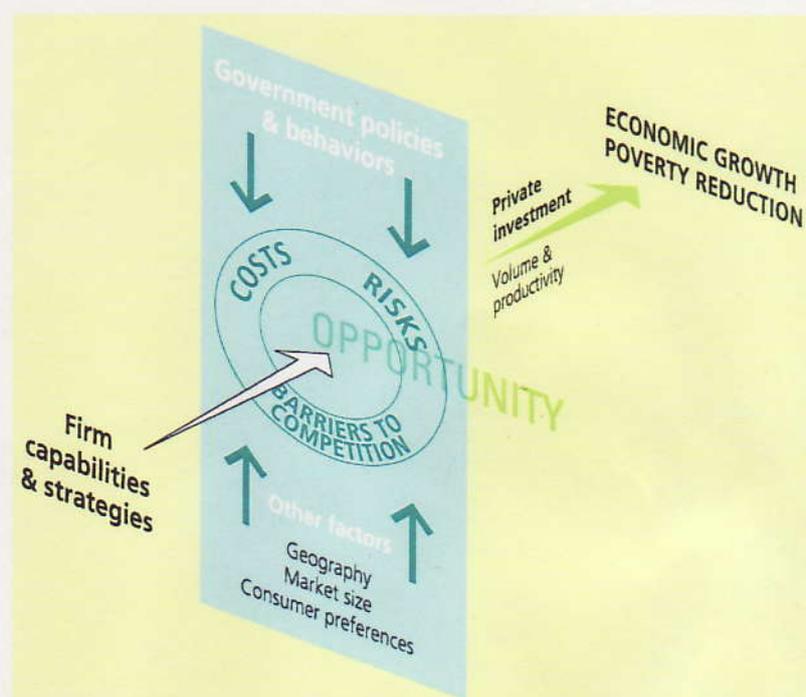


Fig 3: This diagram describes the investment process and the role of the government policies and behaviors, which could either galvanize or choke the investments.

Source: WDR 2005

Advances in information technology, especially the Internet, are paving and creating new ways for an enabling environment that will make a difference. For instance:

- Between 2003 and 2004, Colombia witnessed a jump of 16 percent in new business registrations after simplifying its entry procedures. The establishment of a single-access point for company registration (single window) reduced the time to start a business from 60 to 43 days.
- Purchasing a property in Nigeria takes 274 days. In Norway, streamlined processes and computerized access make it possible to complete property registration in a single day.
- In Singapore's port, through the use of IT, container trucks take only 25 seconds to pass through the terminal gates, making this the fastest time for gate clearance worldwide.

A significant factor for such improvements has also been the transparency of information and knowledge, underlining the importance of the right use of information and data. More and more, policy makers will need and rely on the right data and information to make good and transparent policy decisions, which will affect the well being of millions of their citizens.

The second pillar is providing services to the poor.

Providing services to the poor is a well known imperative for fighting poverty and achieving the internationally agreed development goals. The fact, however, is that in most developing countries we are failing the poor: be it water, sanitation, energy, transport, health, and education. And all of us should take some responsibility for the state of affairs.

There are many ways in which we can all address these issues, but directly linked to this conference is that we can together make Information Technology play a significant role in the needed transformation:

- Recently, I visited Karnataka in India, where the Bhoomi project has computerized 20 million land records and implemented an online delivery system for more than 6.5 million farmers. The project transformed a tangled system, full of corruption and red tape, into a far, far more efficient process – and serves a real need. “With this piece of paper,” one man told me, “I have dignity.” I met a 70-year-old weather-beaten farmer, and jokingly asked him what he would do if he was given a computer. He said “Give me a computer, and I will compete with Bhoomi so that I could provide a service closer to my home.”
- Grameen Bank’s story is well known. There are 100,000 “telephone ladies” providing phone service in villages throughout Bangladesh; and Grameen ladies now have their own phone network, generating substantial revenue for Grameen and providing a valuable service to the poor.
- In the Philippines, the “Justice on Wheels” provides a fully electronically equipped Mobile Court – a court in a bus – under the Supreme Court’s Action Program for Judicial Reform. Here the court goes to the people as opposed to people having to travel long distances to come to court. This broadens access to justice and delivery of better services, especially to the poor.
- On a recent visit to Cambodia, we had an amazing experience. Five men with a computer strapped on their motorcycle – the Motorcycle Internet Brigade – travel from village to village, connecting people to medical centers, schools, and community centers. They stop by solar powered sub stations to drop off and pick up email. The message here is that even though these villages are really remote – no infrastructure, no electricity, no postal systems nor telephones – and can only

be reached by ox carts or motorcycles, this project did not take no for an answer! but found a way to overcome the obstacles and deliver services to the poor.

- Recognizing that development is local, but the issues are global, an organization called Glocal has initiated connectivity between post-conflict countries and other parts of the world. Local city councils in Kabul Afghanistan, Nablus Israel, Kigali Rwanda, and Freetown Sierra Leone are connected with Barcelona Spain, Rome Italy, Athens Greece, and Baltimore in the United States. This initiative fosters dialogue on day-to-day resolution of the problems of the poorest, such as the vulnerable children and disadvantaged youth – who are often the heads of households because they are war orphans.

Countries and regions within countries are often at different stages of development, and the services needed may vary. We have seen a constellation of solutions, each matching various needs of the service and of the country or region.

Among these, a recurring theme is what information and technology can do – as quick and cost effective global connectivity, as a stimulus for public action, as a catalyst for change, and as an input for making other reforms work.

What's common in these examples is the use of information and technology which can create a level playing field, and even more, provide leap-frog opportunities for developing countries to speed the process of development, create a better investment climate and improve services to the poor.

This requires vision. I am reminded of a simple story:

It is a story about three people who were chipping stone.

A man walked up to the first stone-worker and asked him, "what are you doing?"

And he answered, "I am chipping stone."

The man then asked the second stone-worker, "what are you doing?"

And he replied, "I am trying to build a foundation."

The man then asked the third stone-worker, "what are you doing?"

And she replied, "I am building a church."

And so Ladies and Gentlemen, the question for us to reflect on is: are we simply chipping stone, or are we building a foundation, or are we helping to build the pillars that can *e-nable* a better world?