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DIGITAL DIVIDE (11/2000)

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Digital Divide

11/00



i n v e n t

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November 8, 2000

Mr. Gene B. Sperling
Assistant to the President and
Director of the National Economic Council
Executive Office of the President
1600 Pennsylvania Avenue NW
2nd Floor, West Wing
Washington, DC 20500

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Dear Gene,

Thank you very much for your consideration of Carly Fiorina as a U.S. representative to the G8 dotforce. I know she remains very interested in the opportunity. I'm attaching a copy of her biography. Please let me know if you need additional information.

Thanks also for the good words regarding HP's e-inclusion program. The goals are ambitious, but HP believes we will help create a substantial number of business, environmental, educational, and other sustainability opportunities for the rural poor around the world.

Sincerely,

Gary Fazzino

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Enclosure

EXECUTIVE BIOGRAPHY
CARLETON S. FIORINA



Carleton (Carly) S. Fiorina
Chairman, President and Chief Executive Officer
Hewlett-Packard Company

Carleton (Carly) S. Fiorina is chairman, president and chief executive officer of Hewlett-Packard Company. HP is a leading global provider of computing, Internet and intranet solutions, services and communications products, all of which are recognized for excellence in quality and support. The company's headquarters are in Palo Alto, Calif.

Fiorina is focused on leading HP to achieve improved growth in revenue and profitability; greater innovation and inventiveness; the best total customer experience; and on making HP the company that makes the Internet work for customers.

Prior to joining HP, Fiorina spent a total of nearly 20 years at AT&T and Lucent. During the past two years, as president of Lucent's Global Service Provider Business, the division dramatically increased its growth rate, rapidly expanded its international revenues, and gained market share in every region across every product line. In addition, she spearheaded the planning and execution of Lucent's 1996 initial public offering and subsequent spin-off from AT&T, one of the largest and most successful IPOs ever. Prior to Lucent, Fiorina held a number of senior positions at AT&T. She began her career with the company as an account executive.

She became president and chief executive officer of HP on July 17, 1999, succeeding Lewis E. Platt, who previously had announced his intention to retire. On July 23, 1999, Fiorina was elected to the company's board of directors. Fiorina was named chairman of the board on September 22, 2000.

Fiorina holds a bachelor's degree in medieval history and philosophy from Stanford University; a master's degree in business administration from the Robert H. Smith School of Business at the University of Maryland at College Park, Md.; and a master of science degree from MIT's Sloan School.

For the second year in a row, Fiorina topped *Fortune magazine's* list of the most powerful women in American business.

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MEMORANDUM FOR GENE SPERLING

FROM: JOHN DUNCAN

RE: Dot Force Update – Nogami's Response

Structure of the Dot Force

We have received Nogami's response (at Tab A) to our dot force suggestions (our letter is at Tab B). With regard to developing country participation, they did some of what we wanted. They substituted Bolivia for Jamaica as we requested. They refused to substitute Thailand for Indonesia, as we expected. They also refused to drop Tanzania in favor of Egypt; instead they substituted Egypt for Jordan. The developing country makeup is now as follows:

China
India
Indonesia
Brazil
South Africa
Senegal
Tanzania
Egypt

G-8 countries are all over the place on the structure of the dot force (obviously each took away slightly different ideas of what was decided at Rambouillet) and Nogami now appears to want to jettison the idea of a core group of 9 + 9 countries making the decisions. He suggests that the core group "assume an informal character . . . and play a steering role in the taskforce." In his view, this will permit all participants in the dot force to at least nominally enjoy equal status as "members."

Nogami appears to miss our point that it is essential to keep decision making to the smaller core group of 17 countries, plus the EU. He says that institutionalizing the core group as the quasi decision-making body carries the danger of impeding the process if divisions should emerge between the G-8 and the developing countries. However, I don't see how he could possibly imagine that if we doubled the size of the core group it would be easier to reach consensus.

Anne Pence has a different take on this letter. She believes Nogami is being very clever and what he is really saying here is three things:

1. We will pretend everyone is equal (business, NGO's etc.) and that will get around the hurt feelings problem;
2. By suggesting the core group of 18 assume an "informal" character, Nogami is really saying the core group will still make the decisions, just not formally (it will parallel how the Japanese handle the G-7/8 problem – they pretend there is no G-7, but still have a G-7 agenda and meetings that even the Russians know about, but the tear out

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agenda and non-meetings allow the Russians to save face). Ann's theory is somewhat borne out by Nogami's statement in his letter that "a core group meeting will therefore be a non-meeting;"

3. Even more clever, Ann thinks Nogami's strategy is that if we keep the core group of 18 informal and then find the developing countries are deadlocking progress, we retain the option to make clear that the larger group is the real decision-making body and we reach out to our allies in business and the NGO community to vote with us against the developing countries' position.

My reaction is that the Japanese are not that subtle, but we will have to see how this all plays out. Nogami suggests that G-8 dot force representatives hold a meeting in Paris on November 5-6 that will "aim to finalize the G-8 position on the organization and working arrangements for the dot force, including its structure and financial arrangements." Ann worries that given the relative low level of the dot force representatives and Nogami's penchant for rolling over all positions he that do not comport with is wishes that this suggestion is very dangerous. She believes we should undertake an all-out effort in the next week or so to work the other G-8 members to try to persuade them to our position. A fallback we both think viable is putting off the inaugural meeting of the dot force (now scheduled for November 27-28) and settling these issues at the next Sherpa meeting in Kyoto December 2-3.

Post-Structural Strategic Thinking on Dot Force

Tom believes that the dot force needs to produce more than just a report. He thinks it should establish concrete goals and mobilize resources from governments, international organizations, industry and foundations to meet those goals.

Tom would suggest setting specific goals in the following areas:

- Increasing the number of tele-centers in developing countries (Canada has a program in this area);
- Expanding the IT workforce in developing countries;
- Demonstrating the ability of IT to support development objectives such as public health, education and expansion of microenterprises.

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November 9, 2000

MEMORANDUM FOR GENE SPERLING

FROM: TOM KALIL

RE: INTERACTION AND DOT FORCE

Summary: You should know that I asked InterAction to pull together a meeting on the dot force soon after the G8 summit. I asked them for help in a number of areas:

- Getting U.S. NGOs to sign on to the "Call To Action"
- Developing some draft proposals for the dot force
- Identify "success stories" on use of IT for development and humanitarian purposes
- Help us think through how we could conduct outreach to grassroots organizations overseas

This is an area that InterAction members are interested in, and had agreed to establish a working group on. They have already identified 19 NGOs that have agreed to sign on the Call To Action. They are interested in having the White House convene a joint meeting that has both industry and NGO participants.

Outcome from Paris meeting

Composition and structure of dot force

- One representative from the EU, each G8 gets 3 (one gov't, one industry, one non-profit)
- One representative from each of the following 9 countries: China, India, Indonesia, Bolivia, Brazil, South Africa, Senegal, Tanzania, Egypt. Prime Minister Mori will send out letters of invitation.
- 6 international organizations: World Bank, UNDP, ECOSOC, ITU, UNESCO, UNCTAD, OECD
- 3 business organizations - WEF, GBD, GIIC.
- "Core group" of G8 government reps + developing country reps will meet informally, but will not have any special status.
- World Bank and UNDP will serve as secretariat.

What needs to be done

- Produce a report that has an "action plan" with roles and responsibilities for different stakeholders (government, industry, NGOs, international organizations).
- Focus on some concrete "deliverables."
- Outreach to private sector and NGOs to get the best ideas, mobilize resources.
- Determine what should happen to the "dot force" after Genoa.

Time schedule

- Tokyo meeting - November 27-28.
- Informal meeting in January around WEF meeting in Davos.
- March meeting in Italy.
- May meeting -- in developing country or U.S.

Main points to make with InterAction

- IT is only one piece of a broader development strategy that includes universal primary education, infectious diseases, debt relief, etc.
- But to say that it has no role at all is misguided.
- Clearly, we are already seeing examples of IT making a significant contribution to development and humanitarian assistance
 - Rural farmers doubling the price they get for their crops -- merely because they can get real-time price information from markets in the capital city [This happened in Sri Lanka]
 - Doctors in sub-Saharan African countries getting better health information via satellite
 - NGOs using digital cameras and the Web to re-unite families in Kosovo
 - Ensuring that developing countries are participants in the Information Revolution will be important economically. Global electronic commerce could exceed \$7 trillion by 2004
- You could play an important role in ensuring that the dot force is successful
 - Getting U.S. NGOs to sign on to the "Call To Action"
 - Developing some draft proposals for the dot force

- Identify "success stories" on use of IT for development and humanitarian purposes
- Help us think through how we could conduct outreach to grassroots organizations overseas

ATTACHMENT 1

-CALL FOR ACTION-

INSTITUTIONALIZATION AND COORDINATION OF GLOBAL DIGITAL OPPORTUNITY INITIATIVES	
	The G-8 should take a leadership role by advancing, together with developing countries, a positive vision of the global digital opportunity and by organizing a coordinated effort, backed by high-level support, to assist developing countries in its realization
G-8 Governments: <i>Adopt A Declaration Of Principles And A Set Of Pragmatic Initiatives</i>	At the Kyushu-Okinawa Summit, the G-8 governments could adopt a <i>declaration of principles and a set of pragmatic initiatives</i> that would powerfully underscore the G-8's shared commitment to work with developing countries to enhance their participation in the global digital opportunity. The declaration could also underscore the leading roles to be played by the other international stakeholders in development efforts.
G-8 Governments: <i>Establish A High-Level Working Group On The Global Digital Economy</i>	At the Kyushu-Okinawa Summit, the G-8 governments could establish a <i>high-level working group on the global digital economy</i> that would operate for three years, to be renewed thereafter if advisable. Among other things, the group could: • serve as the focal point for the high-level coordination of selected technical assistance programmes undertaken by member governments (such as those discussed below), and of any relevant G-8 policy discussions; • coordinate and share information with the other international stakeholders as appropriate, perhaps through advisory groups comprising multilateral institutions, the international business community and civil societal organizations; • monitor both the various international initiatives under way and progress towards the realization of the global digital opportunity; • manage the publication of information on that progress, both on the Web and perhaps in annual reports; and manage an annual global digital economy session, discussed next
G-8 Governments: <i>Organize Half-Day Sessions On The Global Digital Opportunity</i>	Beginning in 2001, the G-8 could organize half-day <i>sessions on the global digital opportunity</i> that would be linked to its summits. It could invite heads of state and other high-level officials from each region who have adopted forward-looking policies and have made progress in adapting their countries to the information age. Similarly, it could invite leading entrepreneurs and civil societal organizations that have creatively employed information and communications technologies to launch noteworthy businesses or overcome social problems in the developing world. Ideally, the other international stakeholders would be actively engaged in such events. The goals of the meetings would be to showcase success stories, identify challenges and take stock of progress in the developing world; and to project a positive, high-level message that would attract attention in the press, academia and other environments that affect public opinion worldwide
G-8 Governments & Multilateral Institutions:	As a central part of any digital economy work programme, the G-8 governments and multilateral institutions should consider establishing a <i>special initiative for the least developed countries</i>. While in general the main focus of G-8 efforts probably will be on technical and policy

<i>Establish A Special Initiative For The Least Developed Countries</i>	assistance, knowledge transfer and loans where appropriate, in the case of the poorest countries it would seem necessary to contemplate the provision of additional forms of support as well. Such an initiative could give particular emphasis to infrastructure deployment, as well as to creative applications of technology in fields such as education, public health, community development, cultural enrichment and so on. In this connection, it also may be advisable to consider expanding the resources available to multilateral institutions for such activities
	While much can be achieved through individual efforts, in many cases it also would be helpful to coordinate the digital opportunity programmes of multilateral institutions, the international business community, and civil societal and philanthropic organizations
G-8 Governments: <i>Establish A Coordinating Committee On The Global Digital Opportunity</i>	At the Kyushu-Okinawa Summit, the G-8 governments could call on the relevant multilateral institutions to establish a <i>coordinating committee on the global digital opportunity</i> . Leaders of these organizations could designate high-level representatives responsible for coordinating with their peers in other bodies and making use of the Internet to share information and improve programme management. The committee also could oversee information gathering efforts to track and cross-evaluate a) the range of projects under way in multilateral institutions, and b) the progress being made by developing countries in achieving the digital opportunity. Annual reports on these items as well as other inputs could be provided to the G-8 working group, for which the committee could serve as a key interface with the wider international community
The Coordinating Committee: <i>Inter-Organizational Coordination Of The Various Conferences And Specialized Meetings Held By Multilateral Institutions</i>	The committee also could ensure that where appropriate, there is <i>inter-organizational coordination of the various conferences and specialized meetings</i> held by multilateral institutions, so as to promote efficiency and cumulative learning and avoid the persistent recreating of the wheel. Moreover, the committee could ensure that such forums reach beyond government delegations to include key participants from all relevant sectors in both the industrialized and developed worlds. The World Bank's Global Knowledge Partnership initiative is a useful model in this regard
Multilateral Institutions: <i>Establish Web Portals Providing "One-Stop Shopping" Access To Information</i>	Multilateral institutions could establish <i>Web portals providing "one-stop shopping" access to information</i> about the range of programmes, opportunities and experiences in the respective sectors, and could coordinate with the other international stakeholders to continuously add new and richer information about their activities
Multilateral Institutions: <i>Establish Mechanisms To Enhance The Participation Of The Private Sector And Civil Societal Organizations In Intergovernmental Forums And Programmes</i>	More generally, multilateral institutions should establish mechanisms to <i>enhance the participation of the private sector and civil societal organizations in intergovernmental forums and programmes</i> . It has become clear in recent years that transparent and participatory approaches are needed to manage global issues successfully and with broad-based legitimacy. This may prove to be especially true in the case of digital technologies, an arena in which the international business community and civil societal organizations will be taking on leadership roles. It therefore would make sense for multilateral institutions to formalize procedures to facilitate partnerships with these stakeholders
Businesses and NGOs: <i>Consider The Utility Of Establishing International Coordination Mechanisms For</i>	For their parts, the international business community and civil societal organizations may wish to consider the utility of establishing <i>international coordination mechanisms</i> for some of their various digital opportunity initiatives. Such mechanisms might range from enhanced networked coordination to a more formal virtual body to even an international non-governmental organization that would serve as a

<i>Some Of Their Various Digital Opportunity Initiatives</i>	peak association of interested parties. Even a minimalist virtual body could help to improve information sharing and programme management as well as the interface with multilateral institutions and governments
	Governments could increase their ability to contribute to the realization of the global digital opportunity by establishing mechanisms – subject to high-level oversight and leadership – for the internal coordination of forward-looking national strategies and policies
Governments: <i>Establish New Policy Mechanisms To Coordinate Digital Opportunity Activities At The Domestic Level</i>	Governments could establish <i>new policy mechanisms to coordinate digital opportunity activities</i> at the domestic level. One alternative is to establish a cabinet-level coordinating committee that would link ministries together via an Intranet and off-line consultations. Alternatively, or in addition, in some cases it might be effective to establish a new ministry with lead responsibility for coordinating digital opportunity initiatives. Either way, such efforts should receive clear guidance and support from heads of state in order to ensure that they result in coherent, multidimensional and forward-looking national strategies that transcend the vested interests and perspectives of any one ministry. The design and implementation of these strategies should be as transparent, participatory and measurable as possible
Governments: <i>“Lead By Example” By Effectively Employing Information And Communications Technologies In Their Own Organizational Management</i>	In addition, governments should “lead by example” by <i>effectively employing information and communications technologies in their own organizational management</i> . Establishing transparent electronic procurement practices, reforming decision-making and work procedures to become networked learning organizations, expanding information interfaces with the general public, and using information and communications technologies in such policy arenas as public health, education, employment, transportation, and energy and resource management would simultaneously increase their own efficiency and demonstrate to local businesses and civil society the gains that can be realized through technology
Governments: <i>Establish More Effective And Transparent Institutional Arrangements For Cooperation With Other Stakeholders On The Design, Implementation And Evaluation Of Their Strategies</i>	<i>Governments should establish more effective and transparent institutional arrangements for cooperation with other stakeholders on the design, implementation and evaluation of their strategies.</i> At present it is often difficult for the international business community and other stakeholders to achieve productive working relations with the relevant ministries due to opaque decision-making procedures. This limits the benefits that would otherwise accrue to developing countries from the international community’s efforts
Governments: <i>All Digital Opportunity Initiatives Should Include Specific Measures Addressing The Problems Faced By The Most Disadvantaged Segments Of Society</i>	Governments should ensure that all digital opportunity initiatives include <i>specific measures addressing the problems faced by the most disadvantaged segments of society</i> , e.g. rural populations, women, ethnic minorities and people with disabilities. Too often policies and programmes unduly give preference to the interests of elite groupings, rather than spreading the benefits throughout society. The new technology environment makes possible the low-cost, widespread diffusion and utilization of informational resources and capabilities, which could help invigorate broad-based economic and social development
Developing Country Governments: <i>Work More Closely With Multilateral Institutions To Design Capacity Building Strategies And Sustainable Mechanisms For Their</i>	Governments of developing countries would benefit by working more closely with multilateral institutions to design <i>capacity building strategies and sustainable mechanisms for their implementation and evaluation</i> . Such strategies could include analytical frameworks for the periodic measurement and assessment of progress, perhaps similar to the Organization for Economic Cooperation and Development’s (OECD) annual reports. Multilateral institutions could also fund

<i>Implementation And Evaluation</i>	appropriate elements of such efforts, such as the technical training of government staff
EDUCATION, ENTREPRENEURSHIP AND EMPOWERMENT	
	Universal access to education and technology training is a fundamental prerequisite for the transition to knowledge societies
Developing Country Governments: <i>Realign Their Budgetary Priorities And Make Universal Access To Quality Education A Top National Objective</i>	Developing countries urgently need to realign their budgetary priorities and <i>make universal access to quality education a top national objective</i> . This realignment also should be reflected in the priorities of bilateral and multilateral aid programmes. Technological knowledge and skills should be centrally integrated into every stage of the educational process, e.g. primary and secondary school, higher education and vocational training. In addition, programmes could be established to facilitate the transition from school to employment, taking advantage of the opportunities for creative public-private partnerships
G-8 Governments: <i>Fund The Wiring Of Schools And Public Libraries In The Developing World For Internet Access</i>	At the Kyushu-Okinawa Summit, the G-8 governments could undertake a commitment to fund the <i>wiring of schools and public libraries in the developing world for Internet access</i> . This commitment also could include concrete numerical targets to be achieved per annum for at least the next three years, giving first priority to both secondary and higher educational institutions and to libraries and extending later to primary schools. For their part, developing country governments could establish plans, including special incentives, to promote the commercial provision of low-cost Internet access to such institutions once the infrastructure is in place
G-8 Governments: <i>Fund The Training Of Teachers And Librarians In The Developing World In The Use Of Technology And Related Issues</i>	At the Kyushu-Okinawa Summit, the G-8 governments could undertake a commitment to fund the <i>training of teachers and librarians in the developing world</i> in the use of technology and related issues. This commitment could include concrete numerical targets to be achieved per annum for at least the next three years. It could also include support for "help desk" facilities that would provide continuing technical assistance to educators after their initial training
G-8 Governments: <i>Establish A Volunteer "Global Digital Opportunity Corps"</i>	Independent of, but complementary to these commitments to connect schools and communities, the G-8 and other governments could establish a volunteer " <i>Global Digital Opportunity Corps</i> ." The Corps could comprise skilled personnel who would visit developing countries to carry out fixed-term instructional projects geared towards teachers and librarians. Governments could offer tax, educational and other incentives to participants, and/or seek financial and technical support from the international community. Web-based distance education could serve as a useful complement to such activities. If advisable, the Corps could expand its focus over time to take on additional missions beyond training teachers and librarians, e.g. by assisting with local business development. The experiences of programmes like the US State Department's Global Technology Corps and the Organization of American States' Net Corps Americas may be instructive in this regard. United Nations Secretary General Kofi Annan has proposed something similar to be operated under the UN aegis
Businesses and NGOs: <i>Establish Voluntary Programmes To Fund Access To Technology Tools For Education In The Developing World</i>	The international community, especially the international business community, could establish <i>voluntary programmes to fund access to technology tools for education in the developing world</i> , such as new and recycled computers, specialized software applications, books and other instructional materials, etc. In addition, the private sector could establish or expand existing programmes providing affordable

	certification training in networking and related technologies
Multilateral and Philanthropic Organizations: <i>Establish Programmes To Bring To The Developing World Independent Analyses Of The Global Digital Economy</i>	The international community, especially multilateral institutions and philanthropic organizations, could establish <i>programmes to bring to the developing world independent analyses of the global digital economy</i>. Beyond technical training for teachers, developing countries would benefit from greatly expanded access to knowledge and ideas about the social, political, economic and technological aspects of the information revolution and their implications for development. Physical and virtual visits by scholars and analysts, teacher exchanges, sustained transnational electronic dialogues, subsidized access to relevant publications and other inputs would help government officials, teachers and others in the developing world to better understand and respond to the worldwide transformation under way
	To create a dynamic climate in which entrepreneurship can flourish, macroeconomic stability and new sources of commercial financing are essential
Developing Country Governments: <i>Reform Their Financial Sectors In Order To Increase The Local Availability Of Capital And Consumer Credit</i>	Developing countries would benefit from <i>reforming their financial sectors in order to increase the local availability of capital and consumer credit</i>. In many countries, industry structures and practices and regulatory policies alike limit the ability of businesses and consumers to access the financial resources needed for digital markets to thrive. In this context, liberalization and enhanced foreign investment would be very much in developing countries' interests. Moreover, developing countries that currently tax philanthropic donations may wish to reconsider such disincentives to charitable giving
Businesses, IGOs & NGOs: <i>Establish Or Expand Existing Facilities Providing Seed Monies (Including Micro-Lending) For Local Research And The Commercial Development Of Low-Cost Technologies And Applications</i>	The international community, especially multilateral institutions and the international business community, could establish or expand existing <i>facilities providing seed monies (including micro-lending) for local research and the commercial development of low-cost technologies and applications</i>. At times, inexpensive or small-scale innovations that would meet local needs are unable to attract capital because the potential returns on such investments seem less attractive than other opportunities. Specialized lending facilities can play a constructive role in overcoming such cases of market failure. Existing programmes along these lines operated by multilateral institutions should be expanded significantly. In parallel, there is room for partnerships that would involve the international business community in the evaluation and support of potential projects
Businesses, IGOs & NGOs: <i>Work With Developing Countries To Establish "Business Incubators" And Entrepreneurial Networks</i>	The international community, especially the international business community, could work with developing countries to establish <i>"business incubators" and entrepreneurial networks</i>. Incubators combining physical facilities, technical and managerial training, software and hardware tools, and other assets would provide fertile ground for the creation of new business models and innovative technology-oriented companies geared towards local and international markets. Such incubators can also serve as organizational focal points for the regional development of networks of electronically linked firms which can share information and experiences, partner on product development and marketing, and so on. The private sector in the industrialized world has accumulated a good deal of experience with such synergy-rich collaborations which could be tapped and transferred at reasonably low cost. Country-specific projects could be complemented by Web portals that would allow entrepreneurs elsewhere to draw inspiration and information from these efforts
Businesses, IGOs & NGOs:	The international community, especially the international business community, could work with counterparts in the developing world to

<i>Establish E-Chambers Of Commerce</i>	establish <i>e-chambers of commerce</i> that would provide knowledge and support for technology-related businesses. Such groups ideally would include not only suppliers of systems and services, but also representation from a broad cross-section of organizational users of information and communications technologies in other industries
Businesses, IGOs & NGOs: <i>Establish "One Stop Shopping" Web Portals</i>	The international community, especially multilateral institutions, could work with developing countries to establish " <i>one stop shopping</i> " <i>Web portals</i> where businesses, both domestic and international, could gain access to relevant legislative, regulatory and judicial information that would affect their planning. Such portals could also provide the means to expedite certain kinds of commercial transactions, including international trade. In this connection, the Trade Point Programme of the United Nations Conference on Trade and Development may provide one interesting model on which to build. In general, developing country governments should take advantage of the technology's capabilities and ensure transparency in their operations in order to facilitate more effective partnerships with the business community and civil society
Industrialized Countries & Multilateral Institutions: <i>Deepen Cooperation With Developing Countries To Help Them Achieve The Macroeconomic Stability</i>	Industrialized countries and multilateral institutions should deepen their cooperation with developing countries to help them achieve the <i>macroeconomic stability</i> needed to attract investment and to facilitate business planning. While specific measures to improve the macroeconomic climate in developing countries go beyond the immediate concerns of this statement, multilateral lending institutions could be more effective partners in this arena and should focus in particular on the special needs of the least developed countries
	The digital empowerment of civil society is a key foundation of development in the information age
G-8 Governments: <i>Establish Community Tele-Centres In The Developing World</i>	At the Kyushu-Okinawa Summit, the G-8 governments could undertake a commitment to fund the <i>establishment of community tele-centres in the developing world</i> . Such centres typically provide the general public with low-cost access to telecommunications, Internet and related technologies, and to training and support, and are especially useful in rural areas where access may otherwise be very limited. A commitment to fund them could include concrete numerical targets to be achieved per annum for at least the next three years. As other members of the international community already have tele-centre programmes in place, it might be best for governments to work through these organizations and provide them with the resources to significantly expand their operations. International stakeholders could cooperate with developing countries to devise plans to make the tele-centres commercially sustainable after a start-up period
Developing Country Governments: <i>Ensure That Individual Citizens And Non-Commercial Organizations Can Access, Produce, Distribute And Use Information Without Artificial Restrictions</i>	While striving to protect minors from inappropriate materials through the application of software tools, and to provide adequate protection for intellectual property, developing countries should ensure that <i>individual citizens and non-commercial organizations can access, produce, distribute and use information without artificial restrictions</i> . This is a prerequisite for the flourishing of empowerment and innovation in all sectors of society
Multilateral Institutions & NGOs: <i>Work Closely With Developing Countries To Create Programmes Which Promote Their Unique Cultural Heritages</i>	The international community, especially multilateral institutions and civil societal and philanthropic organizations, could work closely with developing countries to create programmes which <i>promote their unique cultural heritages</i> (e.g. networked museums, libraries, Webcasted audio-visual materials and so on) and to ensure the participation of local communities in identifying priorities and creating

	content. It should be emphasized to governments still prone to view the Internet through the lens of traditional media systems that, unlike broadcast television or movie theatres, there is no scarcity of distribution channels or nominally zero sum trade-off between the display of domestic and international materials. The Internet provides developing countries with a low-cost and infinitely expandable space within which to create and disseminate cultural products and tell their stories, both at home and abroad
Businesses, IGOs & NGOs: <i>Create Locally-Relevant And Usable Content</i>	The international community, including the private sector, should work closely with developing countries to create <i>locally-relevant and usable content</i> , whether domestic or international in origin
Businesses, IGOs & NGOs: <i>Promote Low Cost Access To Multilingual Interfaces And Translation Tools And Adapt Them To Local Conditions In Developing Countries</i>	The international community, especially the international business community, could promote <i>low cost access to multilingual interfaces and translation tools and adapt them to local conditions in developing countries</i> , including by enhancing the access of persons experiencing literacy and related social barriers
POLICIES FOR THE INFORMATION AND COMMUNICATIONS TECHNOLOGY SECTOR TO PROMOTE ACCESS AND USE	
	Pro-competitive telecommunications policies are a prerequisite to realizing the global digital opportunity
G-8 Governments & Developing Country Governments: <i>Adopt And Fully Implement The Pro-Competitive Reform Principles Embodied In The WTO / GATS Reference Paper</i>	At the Kyushu-Okinawa Summit, the G-8 governments could urge developing countries to <i>adopt and fully implement the pro-competitive reform principles embodied in the Reference Paper</i> that many members of the World Trade Organization (WTO) have incorporated into their telecommunications commitments under the General Agreement on Trade in Services (GATS). Taken together, the six principles – on competitive safeguards, interconnection, universal service, public availability of licensing criteria, independent regulators, and allocation and use of scarce resources – provide an effective blueprint for moving towards a dynamic, development-enabling telecommunications sector
G-8 Governments: <i>Expand And Institutionalize Technical Assistance Programmes Supporting The New Regulatory Authorities In The Developing World</i>	An especially important first step on the road to competition is the establishment of national regulatory authorities, since these would play a lead role in implementing the Reference Paper principles. Hence, at the Kyushu-Okinawa Summit, the G-8 governments could announce their intention to <i>expand and institutionalize technical assistance programmes supporting the new regulatory authorities</i> in the developing world. Significant problems have arisen in many of the developing countries (and some of the industrialized countries) that have established regulatory authorities since the Reference Paper was agreed in 1997. Often the new agencies lack the statutory authority, independence from the ministries and dominant carriers, and technical expertise and resources needed to carry out their tasks effectively. These conditions not only stifle competition, but breed damaging public cynicism about the possibility of accountable and transparent governance in this key sector of the economy. To help address such problems, organizations like the US Federal Communications Commission, the US Telecommunications Training Institute and the World Bank have established technical assistance programmes, all of

	which could be significantly built out
G-8 Governments & Developing Country Governments: <i>Deepen Their Pro-Competitive Market Access Commitments On Basic Telecommunications Under The Terms Of GATS</i>	At the Kyushu-Okinawa Summit, the G-8 governments could urge developing countries to otherwise <i>deepen their pro-competitive market access commitments on basic telecommunications under the terms of GATS</i>, to accelerate the implementation of such commitments, or to undertake commitments if they have not yet done so. It is very encouraging that over fifty developing countries have made commitments on basic telecommunications in the WTO. However, many of these commitments include significant restrictions on competition and foreign investment and are to be phased in slowly over the years ahead. Moreover, many governments have proven reluctant to implement fully the market openings they have already agreed to, and a majority of developing country members of the WTO have yet to make any commitments at all. Such actions serve only to limit developing countries' ability to participate in the global digital opportunity
G-8 Governments & Developing Country Governments: <i>Undertake The Privatization Of Their National Telecommunications Operators</i>	At the Kyushu-Okinawa Summit, the G-8 governments could urge developing countries that have yet to do so to <i>undertake the privatization of their national telecommunications operators once an effective framework promoting and safeguarding competition has been established</i>. Too often developing countries have offered investors monopoly or near-monopoly concessions when privatizing their national carriers. The result has been to limit the potential benefits of reform. In addition, developing countries should ensure that monies accrued through privatization are well managed in a publicly accountable fashion
Developing Countries: <i>Establish Special Incentives To Foster Investment In The Rapid Deployment Of Capital Intensive Information Infrastructures</i>	Developing countries could establish special <i>incentives to foster investment in the rapid deployment of capital intensive information infrastructures</i>. This would be especially useful with respect to wireless telecommunications systems, which are cheaper to deploy than wireline systems and can help countries to "leapfrog" to higher stages of infrastructure development. Efficient, market-based radio spectrum management is a necessary component of any such initiative
	Pro-competitive policies for the Internet are essential to promote the deployment of infrastructure and the affordable use of services by organizations and the general public
Businesses & Multilateral Institutions: <i>Establish Mechanisms Promoting The Rapid Deployment Of Intraregional Backbones</i>	The international community, especially multilateral institutions and the international business community, could work with developing countries to establish mechanisms promoting the <i>rapid deployment of intraregional backbones</i>. A combination of tax or other investment incentives for the private sector, technical assistance, loans and even grants to the least developed countries may be necessary to tackle this problem. In addition, developing country governments could benefit by coordinating their efforts with counterparts in their regions
Developing Country Governments: <i>Create A Facilitative Policy Environment For Internet Service Providers (Isps)</i>	Developing countries would be well served by creating a <i>facilitative policy environment for Internet Service Providers (ISPs)</i>, both domestic and international. A major barrier to Internet deployment in many countries is the high rates charged to ISPs by the incumbent national telecommunications operators for leased circuits, which are required if firms are to rapidly extend connectivity to businesses, public institutions and homes. Also problematic in some countries are government policies concerning ISP licensing, and liability for the messages they convey. Once again, it is critically important to the digital opportunity that national policies not be dictated unilaterally by the financial interests of the incumbent national telecommunications operators

Developing Country Governments: <i>Consider The Costs And Benefits Of Existing Telecommunications Tariffs For Internet Dial-Up Connections</i>	Developing countries also should carefully consider the costs and benefits of existing <i>telecommunications tariffs for Internet dial-up connections</i>. In most countries, end-users are forced to pay the national telecommunications carriers per-minute charges for connections to their ISPs (including when the ISP is the carrier itself). Evidence collected by the ITU, the OECD and other organizations demonstrates beyond any doubt that per-minute tariffs have had a direct and significantly negative impact on Internet usage around the world, whereas the handful of countries with flat rate tariffs for local telephony have witnessed explosive growth in Internet use. Flat rate charging for local calls, special reduced tariffs for Internet dial-ups, reduced rates for second lines to the home and other innovative charging schemes could go a long way to stimulating Internet use and the development of creative applications in business and non-commercial settings
Developing Country Governments: <i>Phase Out Tariffs On The Importation Of Information And Communications Technologies</i>	In addition, developing countries would benefit by <i>phasing out tariffs on the importation of information and communications technologies</i>. While in the past these impediments generally affected large organizations like multinational corporations, in the current environment they are a hindrance to individual entrepreneurs, small and medium-sized companies, schools, libraries and the many other stakeholders that want to employ what would otherwise be relatively inexpensive systems. The WTO's Information Technology Agreements provide a useful framework in this regard. Similarly, the digital opportunity would be advanced by eliminating any non-tariff barriers in information and communications technology markets, such as technical standards or requirements that limit the employment of diverse kinds of customer premise equipment and end-user devices
G-8 Governments: <i>Announce A Special Programme To Assist Developing Countries In Combating Computer-Related Crime</i>	At the Kyushu-Okinawa Summit, the G-8 governments could announce a <i>special programme to assist developing countries in combating computer-related crime</i>. The recent "I Love You" virus cost the world economy billions of dollars and demonstrated that threats can arise anywhere on the open Internet. Most developing countries do not have in place the legal frameworks and institutional capacity to deal with what will undoubtedly be a growing problem in the future. Technical assistance and expanded cooperation with law enforcement agencies in the developing world are needed
Multilateral Institutions & NGOs: <i>Provide Funds To Ensure That Diverse Stakeholders From Developing Countries Are Able To Participate In International Forums Where Internet Technical And Policy Issues Are Addressed</i>	The international community, especially multilateral institutions and philanthropic organizations, could provide funds to ensure that <i>diverse stakeholders from developing countries are able to participate in international forums where Internet technical and policy issues are addressed</i>. Deliberations on the technology, organization and governance of Internet infrastructure and services are taking place in a wide variety of industry associations and intergovernmental organizations around the world. For developing country governments it is difficult to attend and effectively participate in many of these meetings, and for other keenly interested stakeholders from the developing world the problem is even worse. Decisions about this inherently global medium should be made on a broadly participatory and democratic basis
	Pro-competitive policies on global electronic commerce will greatly accelerate the transition to dynamic and self-sustaining information age economies
G-8 Governments & Developing Country Governments: <i>Adopt Enabling National Policies</i>	At the Kyushu-Okinawa Summit, the G-8 governments could call on developing countries to adopt <i>enabling national policies</i> on such issues as market access and foreign investment, intellectual property, taxation, encryption, digital signatures and contracts, network security and computer crime, liability, consumer protection and privacy

	protection. This would enhance the performance of each link in what the Global Business Dialogue on Electronic Commerce calls the “e-commerce value chain,” i.e. the nexus of telecommunications and computer-related services, distribution services, advertising services and financial services required to create businesses and conclude transactions
G-8 Governments & Developing Country Governments: <i>Adopt Forward-Looking Positions On The Coverage Of Electronic Commerce–Related Goods And Services</i>	In parallel, at the Kyushu-Okinawa Summit, the G-8 governments also could call on developing countries to adopt <i>forward-looking positions on the coverage of electronic commerce–related goods and services under the instruments of the WTO</i>, and to consider carefully the implications of attempting to impose customs duties or other artificial limitations on cross-border electronic transactions. During the WTO’s pre-negotiation work programme on global electronic commerce, a number of developing countries took positions that complicated or impeded efforts to establish a productive dialogue and create momentum for negotiations. Some of their objections appear to have been motivated more by a desire to acquire bargaining chips with respect to unrelated trade issues than by a well considered view of what is necessary to grow electronic commerce in their countries. In the WTO context, G-8 governments could encourage developing countries to pull back on such tactical linkage strategies by making clear their intention to liberalize access to their markets for developing countries’ traditional products, e.g. textiles and food
G-8 Governments: <i>Declare Their Intention To Eliminate Any Restrictions On Developing Country Exports Of Electronic Commerce–Related Goods And Services</i>	In tandem, at the Kyushu-Okinawa Summit, the G-8 governments could unilaterally declare their intention to <i>eliminate any restrictions on developing country exports of electronic commerce–related goods and services</i>. This would demonstrate at a politically important moment the leading countries’ intention to fully incorporate the developing world into the international trading system, and would thereby send a powerful public signal that electronic trade is a two-way street that leads to digital development. In most cases such a move would be reasonably painless for the industrialized world, but there is one politically difficult issue that might require a qualification to the offer, namely market access restrictions on the movement of natural person service suppliers under the terms of the GATS agreement. Ideally these would be lifted as well by the end of the next multilateral trade round if more rapid progress is impossible at this time
G-8 Governments: <i>Expand Technical Assistance Programmes Focusing On Electronic Commerce Policy</i>	At the Kyushu-Okinawa Summit, the G-8 governments also could announce their intention to <i>expand technical assistance programmes focusing on electronic commerce policy</i>. With regard to the formulation of both national approaches and negotiating positions in multilateral institutions, developing countries urgently need help in understanding what electronic commerce is all about and the relative viability of alternative policy solutions to the complex problems it raises. While the relevant multilateral institutions have made some progress in assisting developing countries on these matters, in general they lack the staff and resources necessary to do the job on the scale that is needed. As such, providing the resources to expand such activities should be a high priority

MEMORANDUM FOR GENE SPERLING

FROM: JOHN DUNCAN

RE: Dot Force Update – Nogami's Response

Structure of the Dot Force

We have received Nogami's response (at Tab A) to our dot force suggestions (our letter is at Tab B). With regard to developing country participation, they did some of what we wanted. They substituted Bolivia for Jamaica as we requested. They refused to substitute Thailand for Indonesia, as we expected. They also refused to drop Tanzania in favor of Egypt; instead they substituted Egypt for Jordan. The developing country makeup is now as follows:

China
India
Indonesia
Brazil
South Africa
Senegal
Tanzania
Egypt

G-8 countries are all over the place on the structure of the dot force (obviously each took away slightly different ideas of what was decided at Rambouillet) and Nogami now appears to want to jettison the idea of a core group of 9 + 9 countries making the decisions. He suggests that the core group "assume an informal character . . . and play a steering role in the taskforce." In his view, this will permit all participants in the dot force to at least nominally enjoy equal status as "members."

Nogami appears to miss our point that it is essential to keep decision making to the smaller core group of 17 countries, plus the EU. He says that institutionalizing the core group as the quasi decision-making body carries the danger of impeding the process if divisions should emerge between the G-8 and the developing countries. However, I don't see how he could possibly imagine that if we doubled the size of the core group it would be easier to reach consensus.

Anne Pence has a different take on this letter. She believes Nogami is being very clever and what he is really saying here is three things:

1. We will pretend everyone is equal (business, NGO's etc.) and that will get around the hurt feelings problem;
2. By suggesting the core group of 18 assume an "informal" character, Nogami is really saying the core group will still make the decisions, just not formally (it will parallel how the Japanese handle the G-7/8 problem – they pretend there is no G-7, but still have a G-7 agenda and meetings that even the Russians know about, but the tear out

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agenda and non-meetings allow the Russians to save face). Ann's theory is somewhat borne out by Nogami's statement in his letter that "a core group meeting will therefore be a non-meeting;"

3. Even more clever, Ann thinks Nogami's strategy is that if we keep the core group of 18 informal and then find the developing countries are deadlocking progress, we retain the option to make clear that the larger group is the real decision-making body and we reach out to our allies in business and the NGO community to vote with us against the developing countries' position.

My reaction is that the Japanese are not that subtle, but we will have to see how this all plays out. Nogami suggests that G-8 dot force representatives hold a meeting in Paris on November 5-6 that will "aim to finalize the G-8 position on the organization and working arrangements for the dot force, including its structure and financial arrangements." Ann worries that given the relative low level of the dot force representatives and Nogami's penchant for rolling over all positions he that do not comport with his wishes that this suggestion is very dangerous. She believes we should undertake an all-out effort in the next week or so to work the other G-8 members to try to persuade them to our position. A fallback we both think viable is putting off the inaugural meeting of the dot force (now scheduled for November 27-28) and settling these issues at the next Sherpa meeting in Kyoto December 2-3.

Post-Structural Strategic Thinking on Dot Force

Tom believes that the dot force needs to produce more than just a report. He thinks it should establish concrete goals and mobilize resources from governments, international organizations, industry and foundations to meet those goals.

Tom would suggest setting specific goals in the following areas:

- Increasing the number of tele-centers in developing countries (Canada has a program in this area);
- Expanding the IT workforce in developing countries;
- Demonstrating the ability of IT to support development objectives such as public health, education and expansion of microenterprises.

Dig Divide

Talking points for Al Larsen to Nogami on Dot Force

- The U.S. has no objections to your list of 9 developing countries.
- For our "private sector" representative, the U.S. is strongly considering appointing the head of an NGO. We believe that NGO participation will increase the legitimacy and effectiveness of the dot force.
- We would appreciate your support for our proposal for 8 "at large" members of the dot force:
 - 4 representatives from GBDe, World Economic Forum, Global Information Infrastructure Commission, and WITSA (World Information Technology and Services Alliance). All 4 of these organizations have broad private sector participation from both developed and developing countries -- and have done important work on the digital divide.
 - 4 representatives from NGOs that would be chosen by the dot force.

[**Note:** Nogami had specifically mentioned 3 of the 4 of these organizations in his first proposal. The idea of having some at-large members is important for 2 reasons. First, at least one of these organizations is likely to nominate a U.S. company, which will be helpful. Second, it is a way for greater NGO representation without having 3 representatives from each country (1 government, 1 industry, 1 NGO) -- which would mean a dot force of at least 54 members.]

- We also believe that it makes sense to allow developing countries to also be able to nominate a "private sector" representative if they so choose -- either industry or NGO.
- International organizations should participate only as observers (we do not want to give them the same status as the U.S. Government).

[**Note:** The obvious Japanese objection will be that we are being "inconsistent" by wanting to add the 4+4 and not the IOs. We can respond that we like the track record and policy orientation of the private sector and the NGOs much better than that of the IOs.]

October 12, 2000

MEMORANDUM FOR GENE SPERLING

FROM: TOM KALIL

RE: DIGITAL DIVIDE REPORT

Summary: The Commerce Department is finalizing their report on the digital divide -- "Falling Through The Net: Toward Digital Inclusion." They were planning on having Secretary Mineta release this on Monday, but they would obviously be willing to have the President announce this instead.

Major findings

- Share of households with Internet access increased from 26.2 percent to 41.5 percent (December 1998 to August 2000)
- More than half of households have computers -- 51 percent, up from 42.1 percent.
- As of August 2000, 116.5 million Americans were online, 31.9 million more than 20 months ago.
- Rural households are beginning to approach the nationwide Internet penetration rate. In rural areas, 38.9 percent of households had Internet access, up from 22.2 percent in December 1998.
- Rural areas are lagging behind central cities in broadband penetration (7.3 percent vs. 12.2 percent).
- African-Americans and Hispanics, while they still lag behind other groups, have made significant gains. Black households are now more than twice as likely to have home access as they were 20 months ago - rising from 11.2 percent to 23.5 percent. Internet access has increased from 12.6 percent to 23.6 percent among Hispanic households. Differences in income and education levels account for about 1/2 of the gap between Black and Hispanic Internet access and the national average.
- Blacks are more likely to rely on locations outside the home, such as public libraries, for Internet access. [This shows the importance of CTCs.]
- Although low-income households are still much less likely to be connected, their access grew at faster than the national average. For example, Internet access among households with income between \$15,000 and \$25,000 increased from 11 percent to 21.3 percent, a 96 percent increase -- compared to the national average increase of 58 percent.

- People with disabilities are only half as likely to have access to the Internet as those without a disability - 21.6 percent compared to 42.1 percent. Only 20.9 percent of persons with disabilities reported regularly using a computer, compared to 51 percent of those without a disability. [This shows the importance of our disabilities initiative.]
- Individuals 50 years and older are among the least likely to be Internet users - Internet penetration rate in this group as only 29.6 percent.

Big Divide

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[**Note:** Nogami had specifically mentioned 3 of the 4 of these organizations in his first proposal. The idea of having some at-large members is important for 2 reasons. First, at least one of these organizations is likely to nominate a U.S. company, which will be helpful. Second, it is a way for greater NGO representation without having 3 representatives from each country (1 government, 1 industry, 1 NGO) -- which would mean a dot force of at least 54 members.]

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**FROM THE GLOBAL
DIGITAL DIVIDE TO THE
GLOBAL DIGITAL
OPPORTUNITY**

**PROPOSALS
SUBMITTED TO THE
G-8 KYUSHU-OKINAWA
SUMMIT 2000**

**TOKYO, JAPAN
19 JULY**