



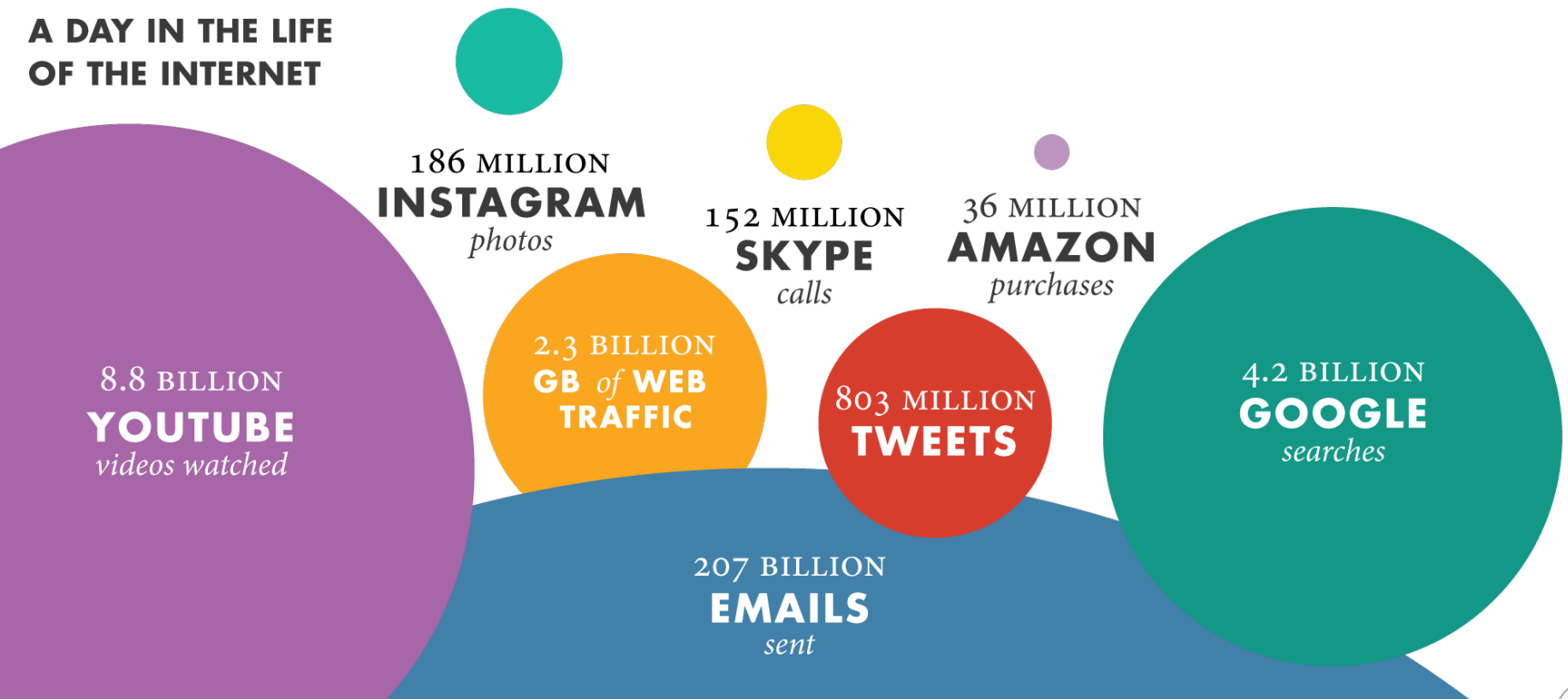
World Development Report 2016

**WORKING VERSION,
JUNE, 2015**

There are millions of reasons to like the internet

IS ACCELERATING DEVELOPMENT ONE OF THEM?

A DAY IN THE LIFE OF THE INTERNET



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

Benefits

Framework

Impact

Explanations

Policy

The internet can be transformative:
DIGITAL IDENTITY



← → ↻ 🏠

THE  NEW
INDIAN EXPRESS

▪ **Trafficking Victims see New life in Aadhaar**

By Daniel Thimmayya | Published: 30th March 2015 06:00 AM Last Updated: 30th March 2015 10:57 AM

The New Indian Express

Indians with digital identity:

**850 MILLION
 & COUNTING**

SOURCE: <http://www.newindianexpress.com/cities/chennai/Trafficking-Victims-see-New-life-in-Aadhaar/2015/03/30/article2737396.ece>

Benefits

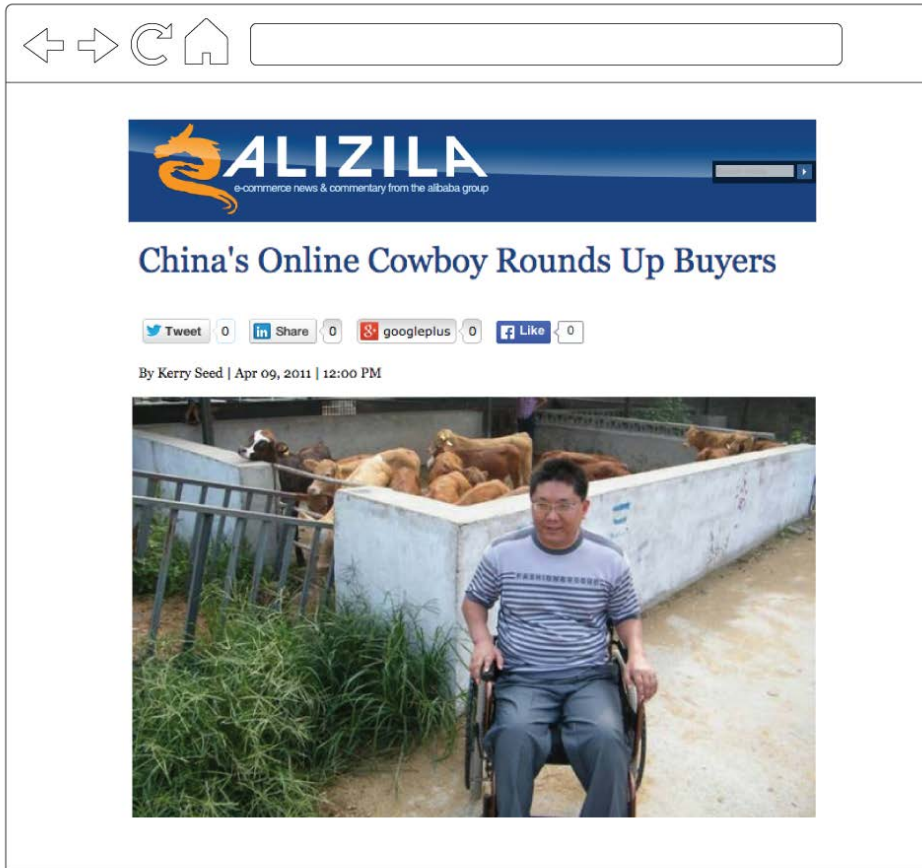
Framework

Impact

Explanations

Policy

The internet can be transformative:
DIGITAL MARKETPLACE



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

**5 MILLION
& COUNTING**

SOURCE: <http://www.alizila.com/chinas-online-cowboy-rounds-buyers>

Benefits

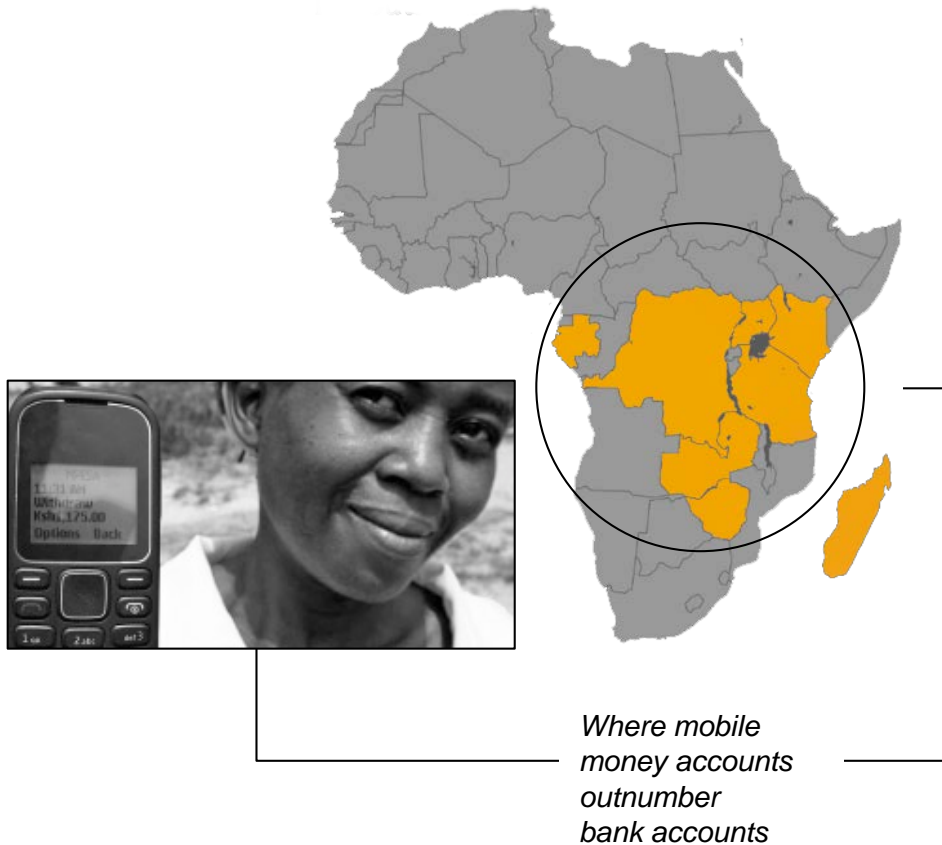
Framework

Impact

Explanations

Policy

The internet can be transformative:
DIGITAL PAYMENTS



Number of mobile money accounts worldwide:

**203 MILLION
& COUNTING**

(June 2013)

SOURCE: John Owens, Alliance for Financial Inclusion, June 2013.

Benefits

Framework

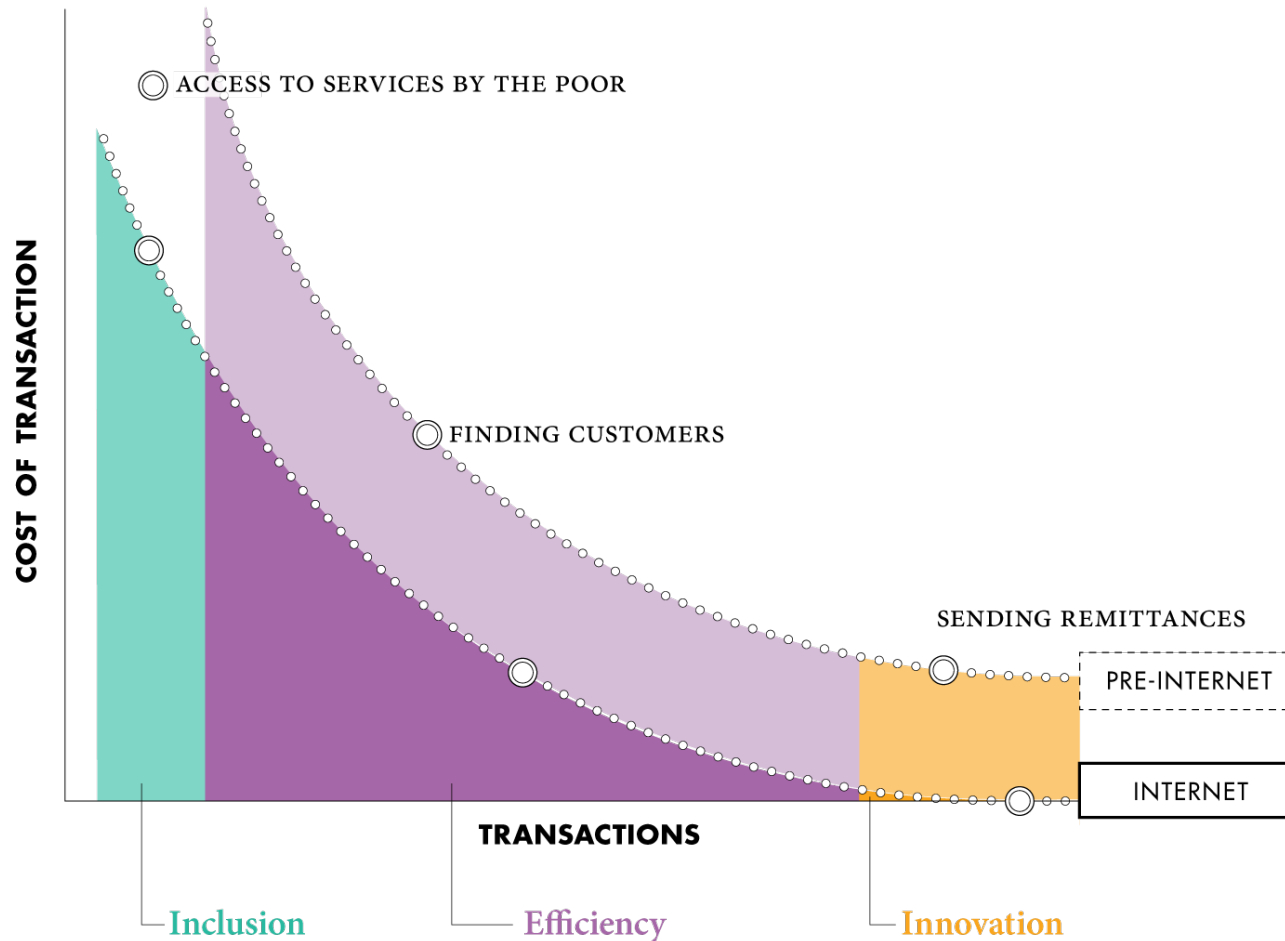
Impact

Explanations

Policy

How the internet affects development

DECREASING MARKET AND NON-MARKET TRANSACTION COSTS



SOURCE: WDR 2016 Team

Benefits

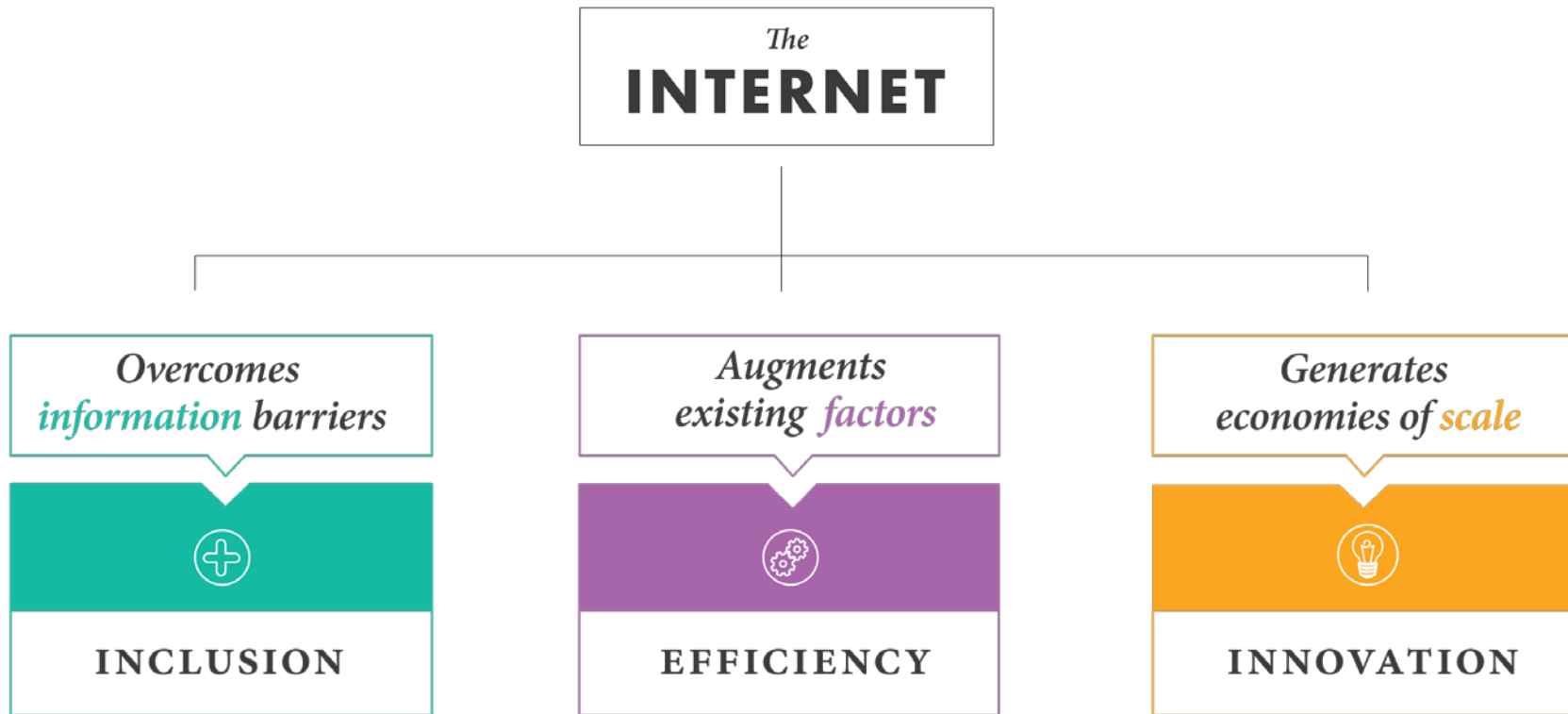
Framework

Impact

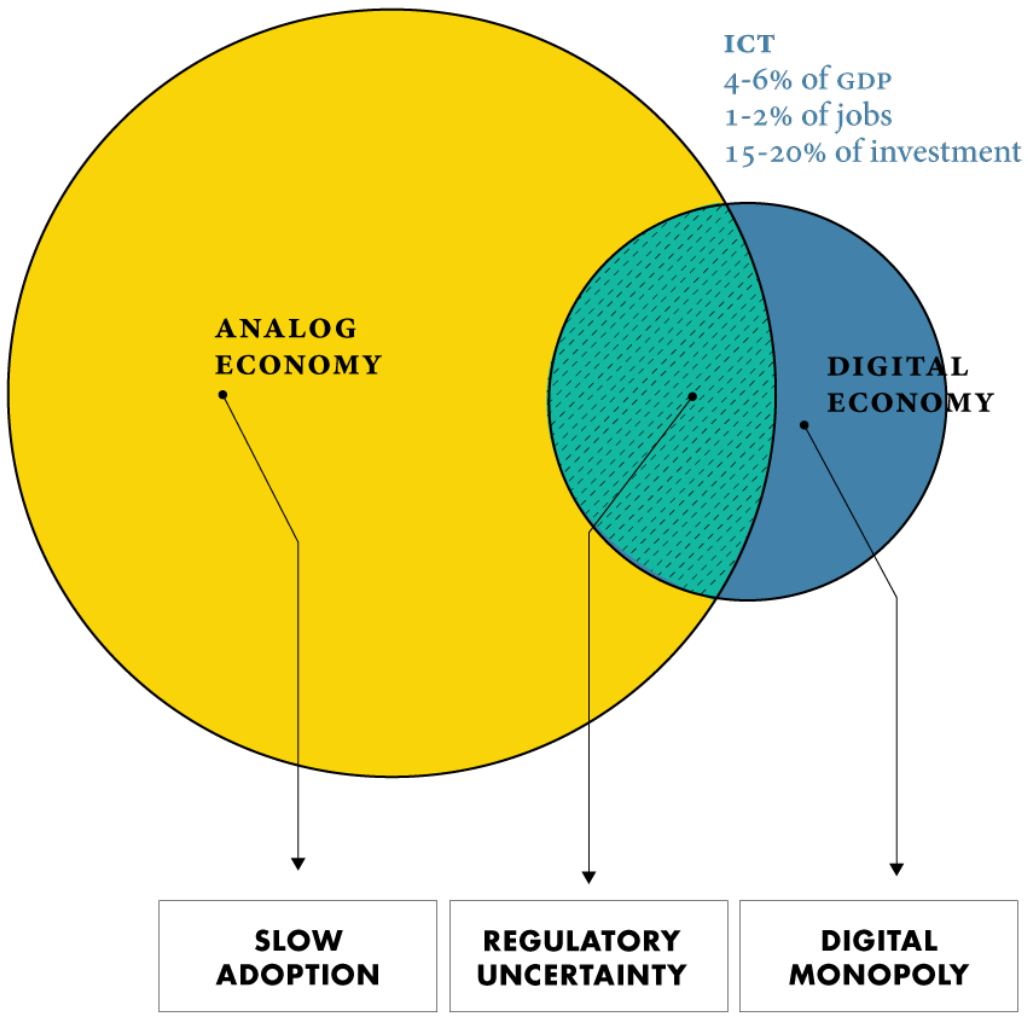
Explanations

Policy

Organizing framework of the WDR



Innovation or divergence?



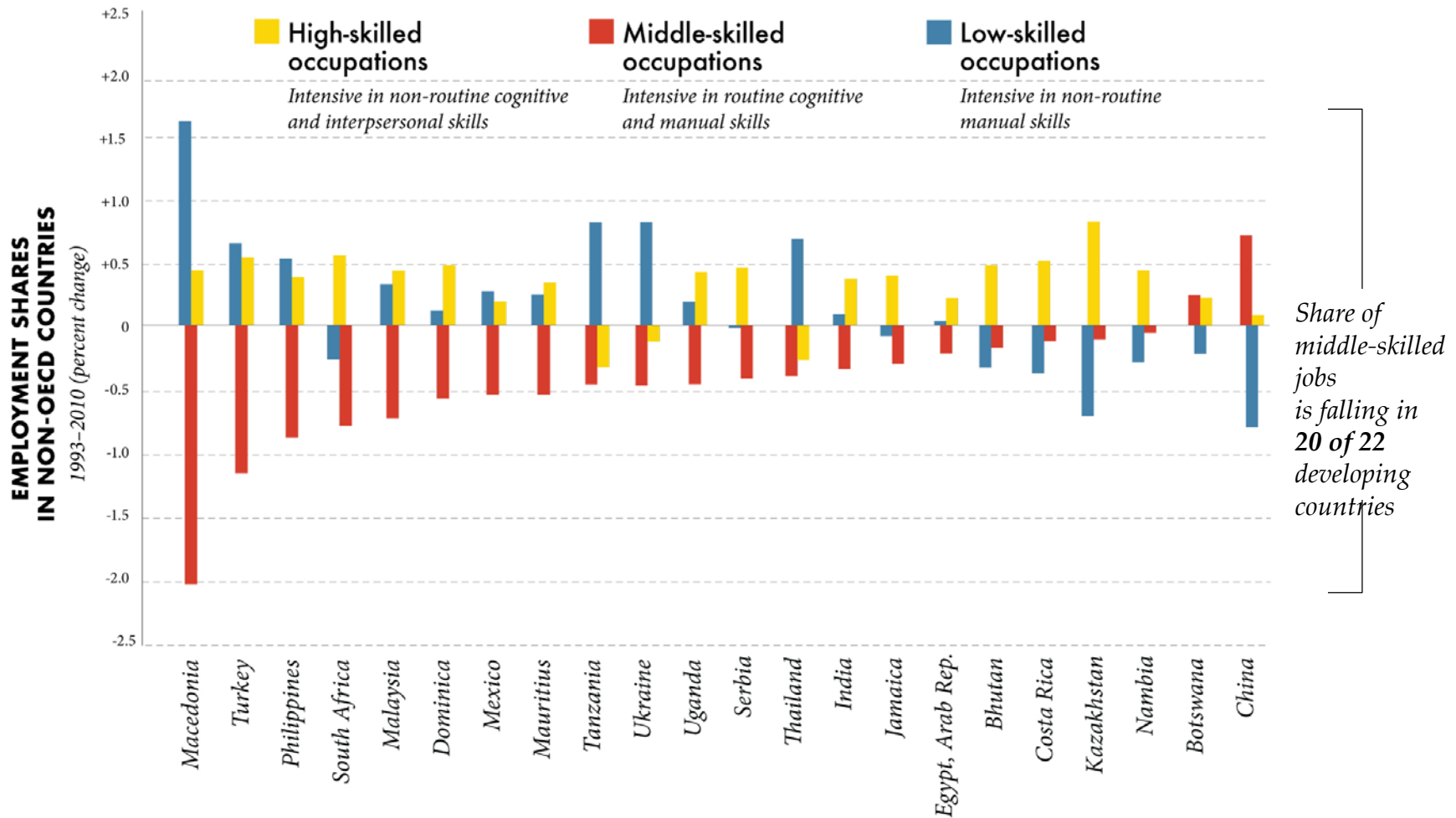
COMPETITION BETWEEN

Traditional Taxi	→	
Professional Services	→	
Traditional Hotels	→	
Traditional Banks	→	
Traditional Universities	→	
Brick & Mortar Stores	→	
Traditional Money Transfer Agents	→	

SOURCE: WDR 2016 Team

Efficiency or polarization?

DECLINE OF MIDDLE-SKILLED JOBS IN MANY DEVELOPING COUNTRIES



SOURCE: WDR 2016 Team based on ILO KLIM data. For China, the data come from the Population Census

Benefits

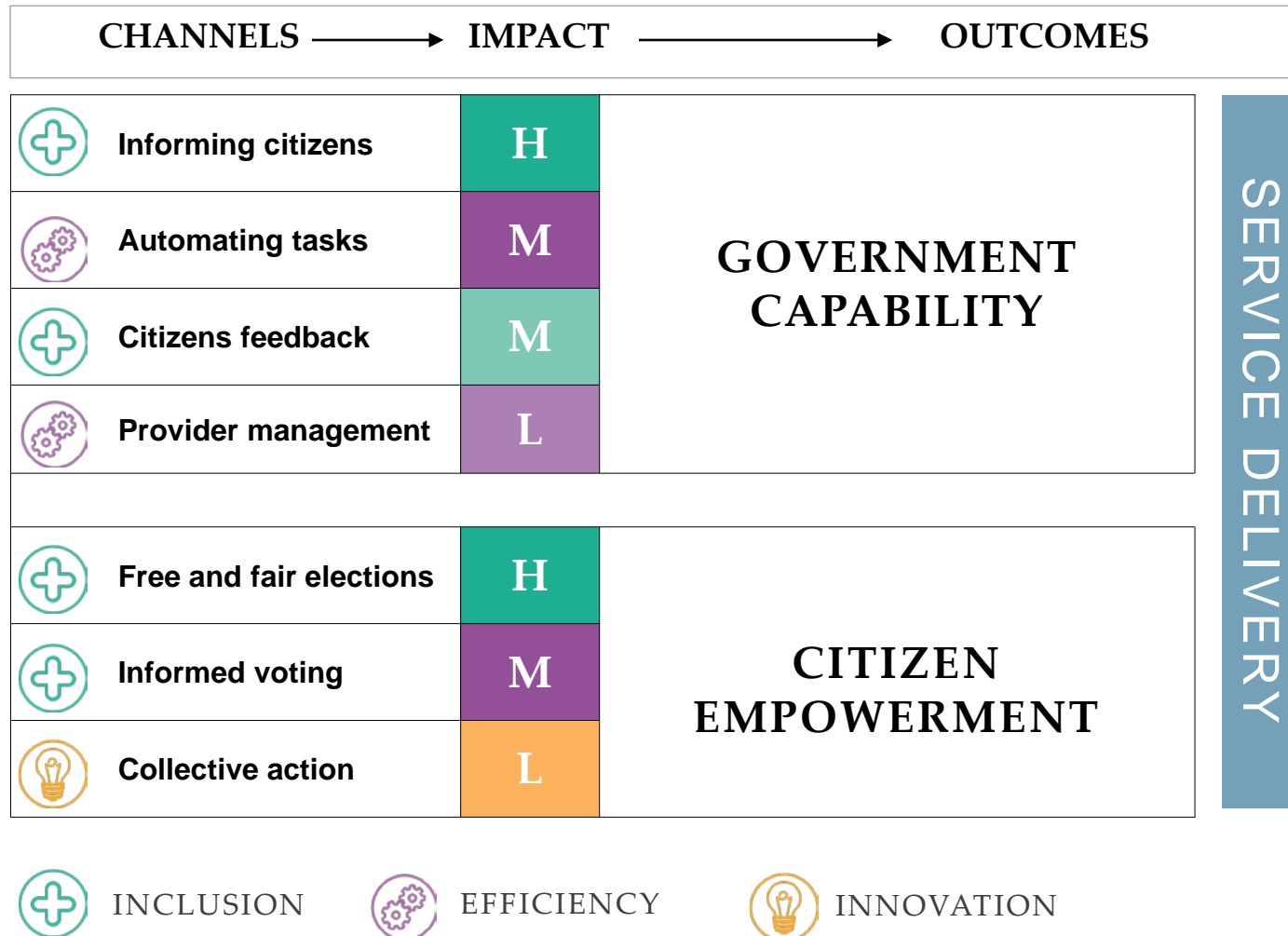
Framework

Impact

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Inclusion or control?



Significant digital divide...



6 BILLION *without* BROADBAND



4 BILLION *without* INTERNET



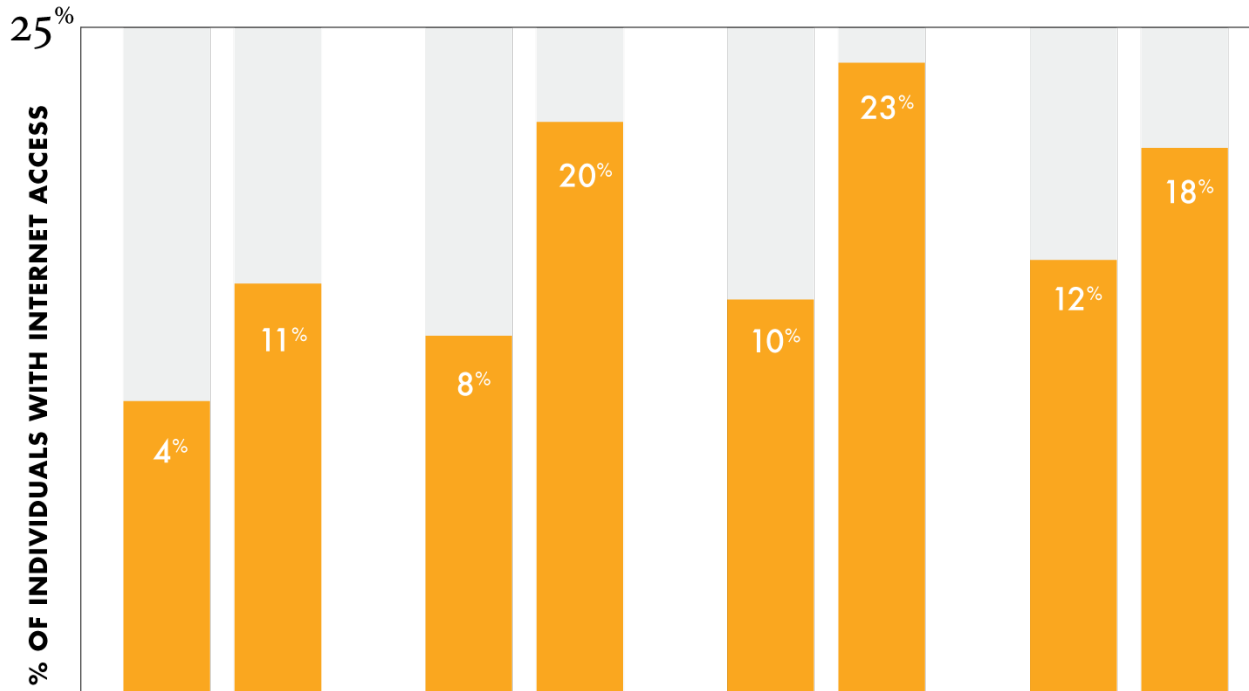
2 BILLION *without* MOBILE PHONES



0.4 BILLION *without* A DIGITAL SIGNAL

...and persistent disparities in digital access

AFRICA



DIGITAL HAVES



Wealthy young men in cities

DIGITAL HAVE-NOTS



Poor older women in rural communities

\$\$ \$\$\$
BOTTOM 40% UPPER 60%

45+ 15-24
MATURE YOUNG

RURAL URBAN

WOMEN MEN

WELFARE (households)

AGE

GEOGRAPHY

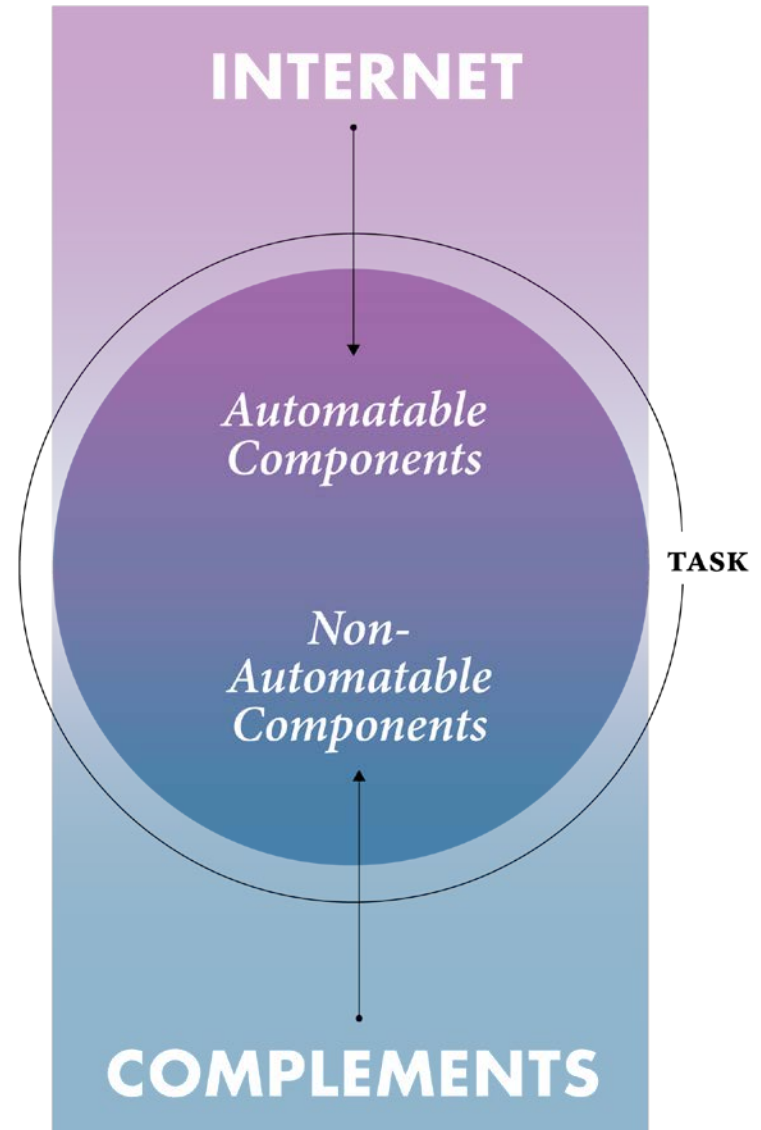
GENDER

SOURCE: WDR 2016 team based on Research ICT Africa and ITU data

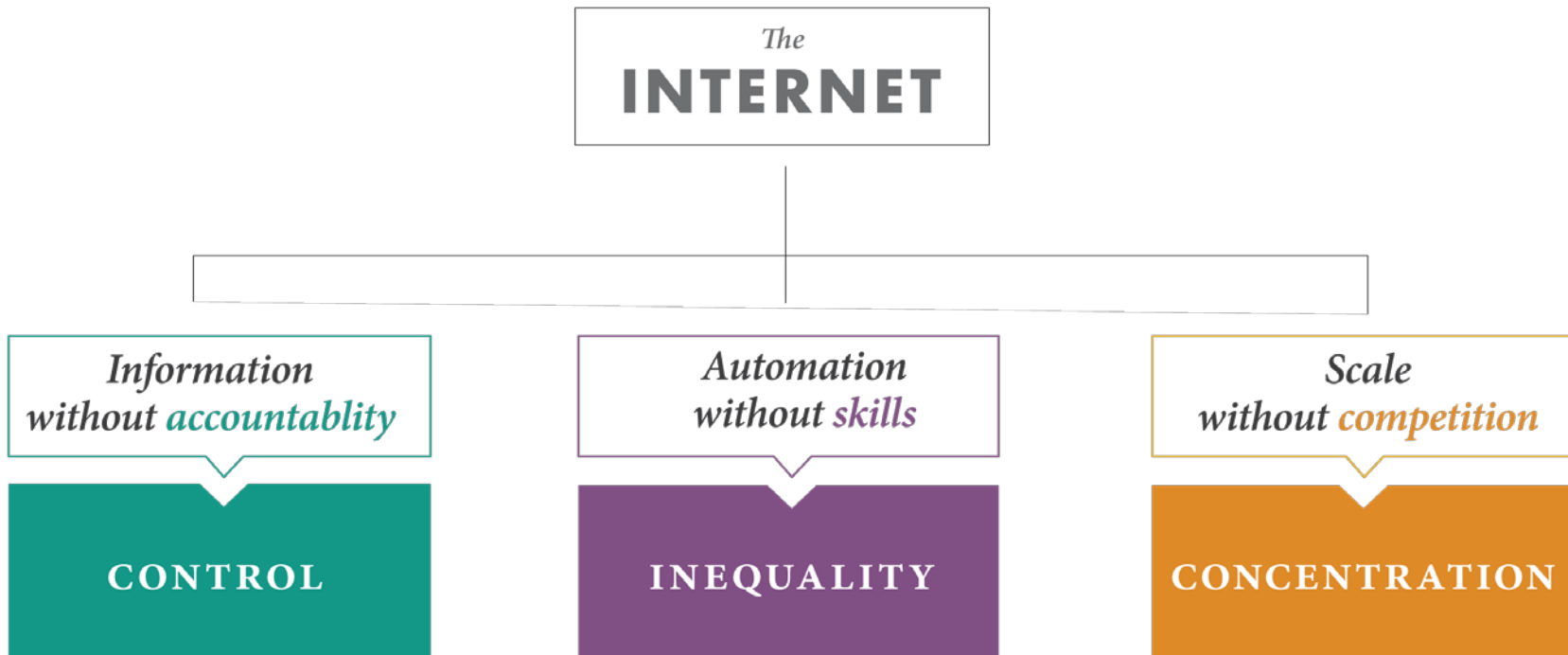
But technology will
not be enough

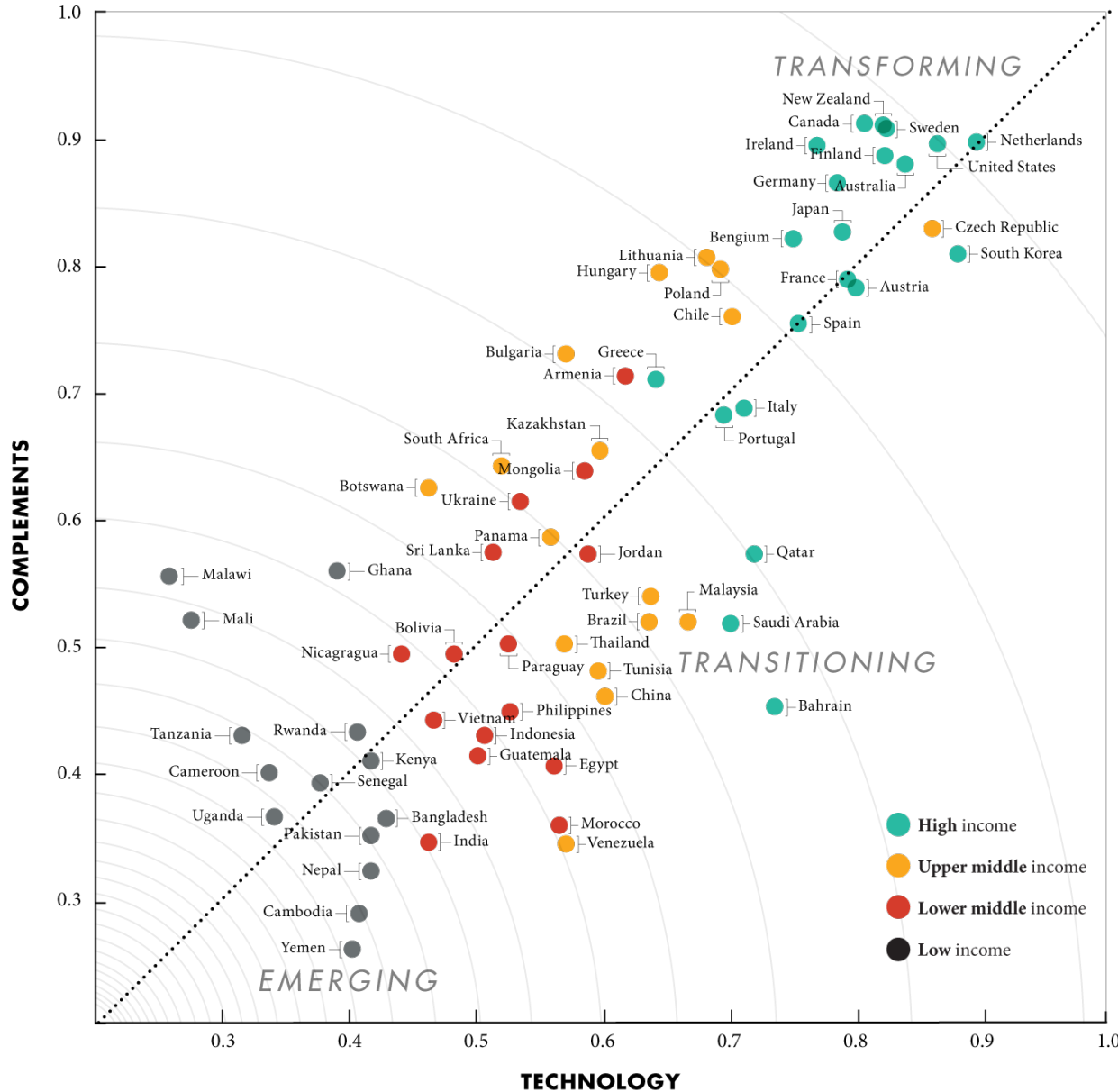
***“Be an expensive complement
(stats knowhow) to something
that’s getting cheaper (data).”***

—Hal Varian



No digital transformation without strong analog foundations





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.

SOURCE: WDR 2016 Team, *Doing Business*, World Economic Forum; *Trade in Services Restrictiveness Index* and World Development Indicators.

The digital agenda: Making internet access universal, affordable, open and safe

SUPPLY SIDE ISSUES

- Competition policy
- Public-private partnership
- Effective telecom/internet regulation



Migrants in Djibouti accessing signal from Somaliland

DEMAND SIDE ISSUES

- Multi-stakeholder governance model
- Censorship and content filtering
- Protecting personal privacy
- Cybersecurity

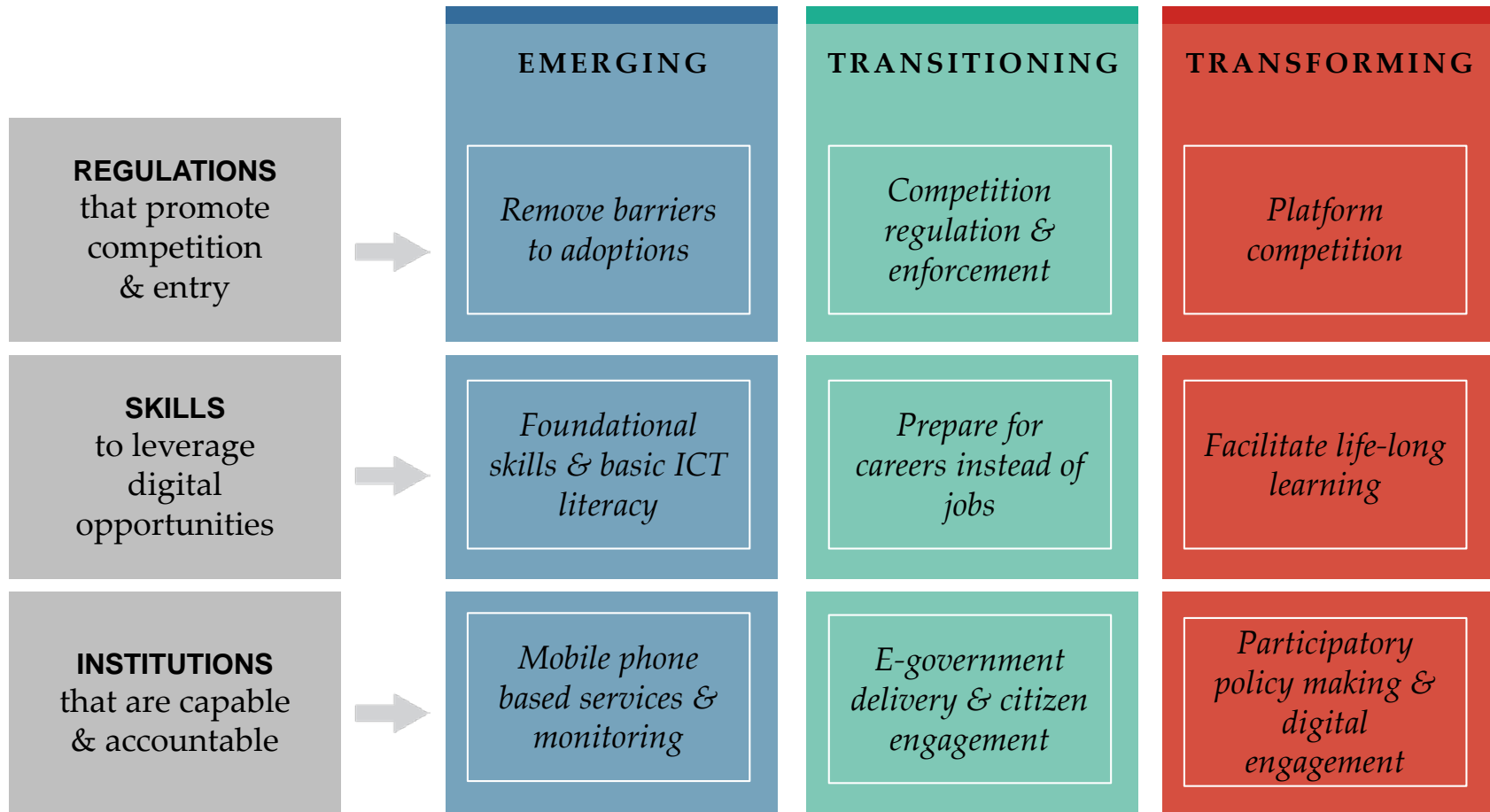


(1993)

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

Analog foundations for a digital economy

THE INTERNET CAN HELP IMPROVE COMPLEMENTARY FACTORS



World Development Report 2016

The internet has not changed the basic “recipe” for development. But:

- It has *increased the opportunity cost* of not doing reforms.
- It can be *an accelerator of development* by raising the quality of the complements.

What should developing countries do?

- Make the internet *universal, affordable, open and safe*.
- Strengthen the *analog foundations of the digital economy*.
- Improve *global cooperation* to address trans-boundary problems.



INTERNET *for*
DEVELOPMENT