

National Economic Council

THE CLINTON/GORE ADMINISTRATION: FROM GLOBAL DIGITAL DIVIDE TO DIGITAL OPPORTUNITY

President Clinton and Other G-8 Leaders to Create Digital Opportunity Taskforce

July 22, 2000

TODAY, THE CLINTON/GORE ADMINISTRATION WILL ANNOUNCE NEW EFFORTS BY THE PUBLIC AND THE PRIVATE SECTOR TO BRIDGE THE GLOBAL DIGITAL DIVIDE: The Clinton/Gore Administration will announce new public and private sector efforts to bridge the global digital divide and to create digital opportunity for the people of the developing world.

- **President Clinton and other G-8 Heads of State will support creation of Digital Opportunity Taskforce:** As part of the Okinawa Charter on the Global Information Society, which will be released at the G-8 Summit, President Clinton and the other G-8 leaders will establish a Digital Opportunity Task Force, or "dot force." The dot force will mobilize the resources and coordinate the efforts of governments, the private sector, foundations, multilateral and international institutions and others to bridge the international digital divide and create digital opportunity.
- **President Clinton will challenge private sector to join with him to close the Global Digital Divide:** President Clinton is also issuing a "Global Call To Action" to encourage the U.S. private sector to get involved. This "Call to Action" has already been endorsed by leading high-tech companies and non-profit organizations.

This issue is a long-standing priority for the Administration. Vice President Gore unveiled the Administration's vision of a "Global Information Infrastructure" in a major policy address in 1994, and has led Administration efforts to promote the expansion of the Internet in developing countries.

DEVELOPING COUNTRIES ARE NOT YET FULL PARTICIPANTS IN THE INFORMATION REVOLUTION

- Of the estimated 332 million people online as of March 2000, less than 1 percent (2.77 million) live in Africa. (Nua Internet Surveys, March 2000.)

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- Less than 5 percent of the computers that are connected to the Internet are in developing countries.
- The developed world has 49.5 phone lines per 100 people, compared to 1.4 phones in low-income countries. (International Telecommunications Union, 1999.)

PRESIDENT CLINTON AND CORPORATE AND NON-PROFIT LEADERS WILL ANNOUNCE NEW STEPS TO BRING DIGITAL OPPORTUNITY TO DEVELOPING WORLD

- The Clinton-Gore Administration will invite 7 developing countries to join the Internet for Economic Development (IED) initiative, bringing the total to 20.
- The Ex-Im Bank will accept the credit of states and subsovereign entities in many emerging markets, expanding access to U.S. Information Technology Products and Services.
- The Overseas Private Investment Corporation (OPIC) will establish a \$200 million line of credit for E-commerce and Digital Divide projects in developing countries.
- Markle Foundation, World Economic Forum, IBM, Harvard University, United Nations Development Program and UN Foundation will create a network readiness initiative - available to all developing nations.
- United Nations Development Program, Andersen Consulting, and the Markle Foundation will develop a strategy and implementation plan for bridging the Digital Divide.
- Cisco Systems will expand its Cisco Networking Academies to 24 of the Least Developed Nations.
- Global Business Dialogue on Electronic Commerce (GBDe) will partner with ASEAN nations to strengthen E-Commerce policies.
- Intel will expand "Teach to the Future" (technology training for teachers) in at least 10 more countries, including developing countries in Africa, Asia, Middle East and South America.
- AOL will launch four international PowerUP Sites in 2001 in four countries.
- StarMedia Foundation & Partners will expand IT Training Program for low-income youth to all Latin American countries.
- Microsoft will support 4 Digital Divide projects in India, Colombia, Korea and Russia.

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A LIST OF PUBLIC AND PRIVATE SECTOR INITIATIVES TO BRING

DIGITAL OPPORTUNITY TO DEVELOPING COUNTRIES

President Clinton and Other G-8 Heads of State will support creation of Digital Opportunity Taskforce: As part of the forthcoming Okinawa Charter on the Global Information Society, the United States and other G-8 nations will help create a Digital Opportunity Taskforce. The "dot force" will mobilize resources and coordinate the efforts of governments, the private sector, foundations, multilateral and international institutions and others to bridge the international digital divide and create digital opportunity. Among other steps, the task force is expected to:

- Foster appropriate policy and regulatory environments by supporting the provision of policy advice and facilitating the sharing of experiences among developing countries and other partners;
- Improve connectivity by mobilizing resources to support community access programs and encourage the development of IT hardware and software tailored to the special needs of developing countries;
- Build human capacity by focusing on basic education and lifelong learning with a particular emphasis on building IT skills among users and policy professionals; and
- Encourage participation in global e-commerce by increasing e-commerce readiness and use, and providing advice to start-up businesses in developing countries.

The Okinawa Charter also highlights the importance of promoting applications of IT - such as publicly available "digital libraries" that allow nations to share their cultural heritage.

- **President Clinton will challenge private sector to join with him to close the Global Digital Divide:** President Clinton will issue a Global Call to Action to close the digital divide and to create digital opportunity in developing countries. The call to action challenges companies, foundations and non-profit organizations to work together to create digital access and education for all by the year 2010. Already, many of America's leading high-tech companies and non-profit organizations have endorsed this Global Call to Action.
- **President Clinton will expand Internet for Economic Development initiative to 20 developing countries:** The Internet for Economic Development (IED) initiative is an Administration effort led by Vice President Gore to encourage the spread of the Internet and e-commerce in developing countries. Consistent with the goals of the G-8 Summit, Guyana, Indonesia, Kenya, Mali, Nigeria, Romania and Senegal are being invited to join IED in July 2000, bringing the total number of countries to 20. The initiative focuses on telecommunications policy development, infrastructure, training, and applications. Significant results have already been achieved. In Uganda, for example, USAID, in collaboration with the World Bank, is installing computer labs, Internet access, and teacher training in dozens of schools and teacher training institutes that will reach more

than 7,000 students a year.

- **The Ex-Im Bank will accept the credit of States and subsovereign entities in many emerging markets, expanding access to U.S. information technology products and services:** The Export-Import Bank of the United States (Ex-Im Bank) has decided to accept the credit of state, provincial, city and other subsovereign entities that have received a sufficient rating from a global credit rating agency. This new initiative will immediately benefit subsovereign entities located in the emerging-market countries of Argentina, Brazil, Bulgaria, China, Colombia, Croatia, the Czech Republic, Estonia, Latvia, Malaysia, Poland, Slovakia, and South Korea by giving them enhanced access to U.S. goods and services, including cutting-edge U.S. information technology and technology-related services, to help address their infrastructure needs. Ex-Im Bank is exploring ways to expand this initiative in the near future to encompass an even greater number of subsovereign entities. This initiative responds to the requests of leading American IT companies.
- **The Overseas Private Investment Corporation will establish a \$200 million line of credit for E-Commerce and Digital Divide projects in developing countries:** OPIC will establish a \$200 million line of credit for U.S. companies seeking support for e-commerce and IT projects, and for projects that will help close the digital divide in developing countries. OPIC will give priority to applications for support in these sectors, and will also participate in the U.S. Government's outreach efforts to highlight investment opportunities in developing countries. This announcement builds on OPIC's track record in this area. OPIC has issued over 350 U.S. insurance contracts for technology projects, and OPIC supports over 100 telecommunications projects through its insurance and financing programs.
- **The U.S. Federal Communications Commission (FCC) will implement work plans with key developing countries to ensure adoption of procompetitive regulatory regimes and to promote telecommunications infrastructure buildout:** Since mid-1999, the U.S. Federal Communications Commission (FCC) has worked under its newly-announced development initiative with Ghana, Uganda, South Africa, Peru, Jamaica and Argentina to strengthen regulatory bodies in these countries with the aim of decreasing the digital divide and promoting the development of telecommunications infrastructure. Additional countries will be added in 2000, including India, Thailand and the Philippines.
- **Markle Foundation, World Economic Forum, IBM, Harvard University, United Nations Development Program and UN Foundation will create a network readiness initiative - available to all developing nations:** A public-private partnership of leading companies, foundations and non-governmental organizations will launch a new Global Network Readiness and Resource Initiative - intended to help developing countries become full participants in the Global Information Society. The initiative will have two major components. First, partners will sponsor the development of country-specific Self-Assessment Readiness Guides, building on the work of APEC, the World Bank, and Harvard University's Center for International Development. Second, the initiative will create a Global Task Force to offer pro bono advice to the developing nation governments and private sector entities.
- **United Nations Development Program, Andersen Consulting, Markle Foundation will develop strategy and implementation plan for bridging the Digital Divide:** To support the activities of the Digital Opportunity Task Force, the United Nations, Andersen

Consulting, and the Markle Foundation will join forces to create a strategy and implementation plan for bridging the digital divide. The implementation plan will suggest a broad timetable and set specific targets for bridging the digital divide. Andersen Consulting expects to contribute about \$3 million worth of personnel and other resources to the 12-month project, which with the contribution of these and additional partners is estimated to be a \$10 million initiative.

- **Cisco Systems will expand its Cisco Network Academy Program to 24 of the Least Developed Countries:** Cisco Systems will invest \$3.5 million to expand its Cisco Networking Academy Program to 24 of the least developed countries. The program teaches people around the world to design, build and maintain computer networks. To implement this initiative, Cisco will partner with the USAID Leland Initiative, the United Nations Development Program, the Peace Corps, and United Nations Volunteers.
- **Global Business Dialogue on Electronic Commerce will partner with ASEAN nations on E-Commerce policies:** The Global Business Dialogue on Electronic Commerce (GBDe), a group of leading e-commerce companies, will work with the eASEAN initiative and other representatives of developing countries to identify the policy and regulatory issues that must be addressed to speed Internet adoption and the development of e-commerce. Issues to be addressed include telecommunications, encryption, intellectual property, trade barriers, electronic contracting and digital signatures, privacy and consumer protection.
- **Intel will expand its "Teach to the Future" program to additional developing nations:** Intel, with support from companies such as Microsoft, has launched a "Teach to The Future" initiative, which is focused on providing over 400,000 classroom teachers with the skills to effectively apply technology to their curriculum. The estimated total investment by all participating corporations exceeds half a billion dollars. Universities or other agencies with appropriate expertise are selected to translate and adapt the curriculum to the local culture and educational environment. Intel is committed to implementing Intel Teach to the Future in at least 10 additional countries and is actively working with agencies and ministries of education in Africa, Asia, the Middle East, and South America.
- **PowerUP will expand its program to four international sites in 2001:** AOL will launch four international PowerUP sites in 2001 in four countries. PowerUP (www.powerup.org) is a collaborative effort from corporations and government organizations to give youth the resources they need to acquire skills for success in the digital age. PowerUP currently includes more than 250 existing and planned after-school sites in the U.S. The pilot international program will provide resources donated from partners, including Gateway (computers), Hewlett Packard (printers), AOL (Internet accounts) and full-time staff and volunteer mentors who will adapt the program to meet the needs of various cultures, languages and economies.
- **AOL and its corporate partners will create an international channel for the Digital Divide Network:** AOL and its corporate partners will expand their successful online clearinghouse of information about solutions to the digital divide - www.digitaldividenetwork.org - to serve international audiences as well as domestic ones. The Digital Divide includes grants, funding opportunities, best practices and toolkits for bridging the digital divide. The new "International Channel" within the Digital Divide Network will include links to the best available resources around the world and a

community chat area for international partners and members to discuss and exchange ideas for program and policy initiatives. The Digital Divide Network will begin making content available in other languages, starting with the International Channel.

- **StarMedia Foundation and its partners will expand IT training program for low-income youth to all of Latin America:** The StarMedia Foundation, the Inter-American Development Bank and CDI Brazil have created a partnership to bridge the digital divide among low-income Latin American youth. The partnership, Committee for Democratization of Information Technology Americas (CDI Americas), builds on a successful model demonstrated in Brazil, which has graduated 40,000 students from the favelas in the last five years. The program teaches basic computer, Internet and hardware maintenance skills to underprivileged youth in an intensive 3-month module. Young people who have completed this training have been able to get jobs with some of Latin America's leading Internet companies.
- **Microsoft will support 4 new projects to close the Digital Divide worth more than \$1 million:** Microsoft will provide more than \$1 million in cash and software grants to four new projects, including a multimedia computer center for children in India with developmental disabilities, a computer lab with trained staff in a poor Colombian school district, and 5 computer centers which will train 500 young people in Western Siberia. This is an addition to Microsoft's \$21 million (\$8 million in cash and \$13 million in Microsoft software) in support for projects outside of the United States in the year 2000 alone.
- **United States Telecommunications Training Institute will train additional 170 senior policy makers and regulators from developing countries:** The USTTI will provide free training on Internet and e-commerce policy issues to an additional 170 senior communications officials and regulators from developing countries. Since its creation, USTTI has trained 5,670 regulators, entrepreneurs and other leaders from developing countries.
- **CEO Forum on Education and Technology will create a self-assessment tool for developing nations:** The CEO Forum plans to develop a "self-assessment tool" to permit nations, regions, districts and schools to systematically examine their use of technology in education. Such a self-assessment can serve as a platform for future plans to improve the use of technology in delivering top quality instruction. While some self-assessment tools exist for education technology, none of them have been adapted for developing nations. This will permit governments and educational institutions to develop programs to leverage technology for students with the best set of options that will enable world-class digital content to be integrated into an educational curriculum.

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THE IMPORTANCE OF BRIDGING THE GLOBAL DIGITAL DIVIDE

- There is a large "digital divide" between developed and developing countries:
 - Of the estimated 332 million people online as of March 2000, less than 1 percent (2.77 million) live in Africa. [Source: Nua Internet Surveys, March 2000.]
 - Less than 5 percent of the computers that are connected to the Internet are in developing countries. [Source: International Telecommunications Union, Challenges to the Network: Internet for Development, 1999.]

- The developed world has 49.5 phone lines per 100 people, compared to 1.4 phones in low-income countries. Lack of a telecommunications infrastructure is a serious impediment to the growth of the Internet. [Source: International Telecommunications Union, World Telecommunication Development Report, 1999.]
- Africa outside of South Africa generates only 0.02 percent of global Internet content. [Source: World Bank, The Digital Divide and the World Bank Group, May 2000.]
- The global divide between developed and developing countries is growing:
 - A recently created Index of Technological Progress demonstrated that access to technology became more unequal between 1992 and 1997, far more rapidly than differences in income distribution. The index measured personal computers, Internet hosts, fax machines, mobile phones, and televisions. [Source: E. Wilson and F. Rodriguez, Are Poor Countries Losing the Internet Revolution? 1999.]
- It is critical that developing countries participate in the networked economy:
 - Global electronic commerce could reach \$7 trillion by 2004. [Source: Industry Standard, February 21, 2000.]
 - As much as one half of the difference between Africa's manufactured exports as a share of GDP and East Asia's share could be accounted for by weak communications networks in Africa. [Source: World Bank, The Networking Revolution: Opportunities and Challenges for Developing Countries, June 2000.]
- Promoting competition and privatization in the telecommunications sector is key to bridging the global digital divide:
 - Only 12 percent of local telecommunications markets in developing countries are liberalized.
 - In the 5 years following privatization of telecommunications companies in Peru, the number of fixed lines increased 165 percent, the number of mobile lines increased from 20,000 to nearly half a million, and access among the poorest households increased from near zero to around 20 percent. [Source: World Bank, The Networking Revolution: Opportunities and Challenges for Developing Countries, June 2000.]

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