EEF.IO/7/18/Add.1
7 September 2018

ENGLISH only

Organization for Security and Co-operation in Europe
Secretariat

Conference Services

DISCLAIMER

The OSCE Secretariat bears no responsibility for the content of this document and circulates it without altering its content. The distribution by OSCE Conference Services of this document is without prejudice to OSCE decisions, as set out in documents agreed by OSCE participating States.

EEF.IO/7/18/Add.1
7 September 2018

ENGLISH only

Presentation at the 26th OSCE Economic and Environmental Forum "Leveraging the opportunities of the digital economy"

Malcolm Johnson
Deputy Secretary-General, ITU

Prague, 6 September 2018

Good morning.

I would like to thank the OSCE and the Italian Chairmanship for the invitation to be here today and to speak to you about what a multilateral organization like ITU is doing to leverage the opportunities of today's digital economy. As the lead UN agency for Information and Communication Technologies (ICTs) we appreciate that this year's Forum focuses on the role of the digital economy as a driver for innovation, competitiveness and growth, something that ITU is always advocating.

The first thing I want to show you this morning is the growth of mobile-broadband subscriptions between 2012 and 2017. Note the strides that have been achieved in developing and least-developed countries (LDCs). There is a big caveat, however: at current growth, less than a quarter of the population of the LDCs will be online by 2020.

Mobile is one of the most far-reaching technologies in history, and it has developed more rapidly than any other technology in history. The world has seen the total number of active mobile-broadband subscriptions grow from 268 million in 2007 to over 4.2 billion last year.

It is having a significant impact on the economy. According to GSMA, mobile technologies and services generated 4.5% of GDP globally in 2017 – a contribution that amounted to $3.6 trillion of economic value added. By 2022, this contribution should reach $4.6 trillion.

And this is only the beginning. Emerging technologies such as Artificial Intelligence (AI), cloud computing, the Internet of Things (IoT) and 5G are changing our economies at warp speed and scale. New research from Huawei and Oxford Economics shows that AI alone could almost double the value of the global digital economy to $23 trillion by 2025 from $12.9 trillion in 2017.

The question then becomes, who will benefit from this digital transformation?

As we speak, over half of the world's population is still not using the Internet, let alone the new technologies that I just mentioned. The risk is that if not managed properly, the wave of technological change might in fact deepen the inequalities between the digital "haves" and the "have-nots." As Ambassador Žugić noted in Venice last May, "The "digital gap" is, today, one of the many faces of inequality."

I should add that the digital divide itself has many faces. There are gaps in coverage, speed and affordability – gaps between developing and developed nations, between cities and villages, and even between men and women online.

Yes, the proportion of men using the Internet is higher than the proportion of women using the Internet in two-thirds of countries worldwide. Look at what's happening in developing and least-developed countries. This is extremely concerning, especially when we know that the lack of adequate infrastructure and access to ICTs for women and girls limits their educational opportunities and access to labour markets.

At ITU, we are working hard on all these fronts, seeking to promote investment in digital infrastructure, digital literacy, cybersecurity, and local content in local languages. Because efforts to improve access connectivity will be undermined if people cannot afford the service, don't understand it, don't trust it, or see no benefit to it. And because to succeed in leveraging the opportunities of the digital economy, we all need to succeed in leaving no one behind.

Such a multi-faceted issue requires a multi-stakeholder approach. This, in turn, implies building a culture of consensus. And at ITU, consensus building is in our DNA.

We are a bit different to most UN agencies as we have a large private sector membership – nearly 600 private sector companies are members of ITU – and we also have around 130 universities who are members. The diversity of our membership has put ITU at the centre of advances in communications for over 150 years, from the telegraph to the telephone, to satellites and the Internet – to today's Internet of Things and AI.

This digital transformation holds huge potential to grow the economy, improve people's lives and accelerate progress towards the United Nations' Sustainable Development Goals (SDGs).

I am going to give you three examples where ITU is leveraging the power of ICTs and international cooperation to foster inclusive economic growth. Each one of them advances the 2030 Agenda for Sustainable Development, as digital technologies are a powerful tool to help achieve all 17 SDGs.

2017 produced more data than the entire history of humanity, creating concerns about privacy and the spread of cyber-criminality. And building confidence and security in the use of ICTs is one of ITU's main priorities. But data also promises to help solve some of our biggest challenges.

Advances in knowledge discovery and data mining hold great promise for the healthcare industry. Medical databases are the next frontier. It is early days, but AI-powered technologies such as skin disease recognition and diagnostic applications based on symptom questions could be deployed on 6 billion smartphones by 2021. Right now, the World Health Organization (WHO) estimates that at least half of the world's population still do not have full coverage of essential health services.

That is why ITU joined forces with WHO last July to launch a new initiative to leverage the power of artificial intelligence for health. In an area marked by a lack of interoperability, the objective is to develop an international "AI for health" standards framework and identify use cases of AI in the health sector that can be scaled-up for global impact. The demand for this a platform was first identified last May at the second edition of ITU's AI for Good Global Summit in Geneva. The new *ITU Focus Group on AI for Health* is a great example of what multi-stakeholder partnerships can achieve – with researchers, engineers, practitioners, entrepreneurs and policy makers working together to develop international standards and save lives.

In my next example, I want to show you how account-based digital payments represent a key innovation in the fight against poverty. Millions of people are getting accounts through simple mobile phones, especially in Africa. Since 2014, ownership of mobile money accounts has nearly doubled in Sub-Saharan Africa.

I was in Kenya recently and I saw how people could easily shift their money from one mobile operator to another. We don't yet have an international standard for that! This country has been a pioneer in the field of mobile money. This is where M-Pesa started back in 2007, first as a way to manage microloans. But soon Kenyans would use the app to send money to each other. The spread of mobile money in Kenya slashed poverty, drove up savings and helped women leave agriculture for jobs in business and retail.

ITU has partnered with the World Bank Group, the Committee on Payments and Market Infrastructures and the support of the Bill & Melinda Gates Foundation to launch the Financial Inclusion Global Initiative. This new global program seeks to capture the spirit seen in Kenya in order to advance research in digital finance and accelerate digital financial inclusion in developing countries. Because if today more than 2 billion adults do not have a formal bank account, 1.6 billion of them have access to a mobile phone.

My final example is the work that ITU is doing in the area of smart cities. The creation of these cities requires a trusted infrastructure capable of supporting an enormous volume of ICT-based

applications and services, which in turn require adherence to common international standards to ensure openness and interoperability, reduce costs through economies of scale and avoid getting locked into propriety standards.

Here, too, ITU has adopted a multi-stakeholder approach forming the UNSSC with 15 other UN agencies to develop the international standards that enable the coordinated development of IoT technologies in smart cities. And let's remember that the deployment of these technologies is expected to connect an estimated 50 billion devices to the network by 2020, putting tremendous pressure on the radio spectrum which is managed at the global level by ITU.

Today, more than 50% of the world's population lives in urban areas. By 2050, it will be nearly 70%. To address the challenges of rapid urbanization, a country like India has embarked on one of the world's largest rural optic fibre roll-outs, aiming to connect 600,000 of its villages by broadband. And there are other similar initiatives in countries like Thailand, where the government is bringing the technology to the rural areas so that the young people who moved to the big cities come back to their rural homeland.

This resonates with me because I was born in a small village in Wales – and because I owe everything to information and communication technologies. It is time we start talking about smart villages! Not only will it improve the lives and productivity of rural populations, but it will also help reduce the trend of urbanization which is creating so many difficulties in the rapidly expanding cities around the world.

As we think about leveraging the opportunities of the digital economy, let's remember all those who are not yet connected. Let's use digitalization as a powerful enabler of inclusive economic growth. And let's commit ourselves to bring all of our organizations together to collaborate, coordinate and cooperate behind this endeavour, bringing our own specific competencies to the table and avoiding duplication. ITU looks forward to working with OSCE to achieve this.

Thank you very much.