

Views of the United States of America on Financing of ICTs for Development

During Phase I of the WSIS, the international community recognized the need to mobilize human, financial and technological resources in order to ensure an inclusive information society. Further, the WSIS agreed that a thorough review of existing financial mechanisms should be undertaken to ensure that they are adequate to meet the challenges of using ICT for development. The United States supports the results of the WSIS in this regard and offers the following views on how we believe resources can best be mobilized in order to meet our shared objective of bringing the benefits of ICT to all the people of the world.

The U.S. supports the internationally agreed development goals, including those contained in the Millennium Declaration. We believe that information and communication technologies can be an important tool, among many, to help us meet those goals. We are committed to eliminating poverty, expanding the circle of development and prosperity, and strengthening domestic institutions to sustain that development.

The United States has incorporated information and communication technology throughout our international assistance efforts. New programs such as the Millennium Challenge Account and the Digital Freedom Initiative, as well as the continuing activities of USAID and our Overseas Private Investment Corporation, demonstrate our commitment to countries that establish an enabling environment for investment, competition and innovation, govern justly, invest in their people and promote economic freedom.

Practical experience and economic research shows that pro-competitive domestic policies, good governance, and sustainable institutions are the critical foundations of growth and lasting economic progress. Where the domestic commitment exists to make needed economic and governance reforms and to build effective institutions, increased Overseas Direct Assistance along with private investment, can play a supporting role for change.

The United States believes that discussions that focus on new financing mechanisms, whether direct or indirect, draw attention away from the critical role of domestic economic, political and social conditions in development. As a general matter, we

strongly oppose any kind of global taxation or similar mandatory levies. In particular, we have concerns with any proposal that raises the costs of ICT goods and services. Such taxes discourage long term, sustainable investment in infrastructure in developing countries and deter expansion and usage of ICTs throughout the world. If we want ICT to flourish globally, we should not tax it, especially in developing countries. Moreover, a global financing mechanism would cause developing countries to effectively transfer their development resources to a new global financial mechanism of doubtful efficacy and unknown cost. Developing countries should not have to pay more for ICT goods and services, but such higher costs will be the result of imposing taxes, regardless of whether they are assessed directly or indirectly.

As we prepare for Phase II of the WSIS, the United States is committed to working with our friends around the world to ensure that Information and Communication Technologies are put at the service of development in a way that truly benefits all of our citizens. We look forward to a productive discussion on the best way that existing financing mechanisms can support this shared goal.