

REPORT OF THE PRESIDENT

(of 20 March 2007)

1. SUMMARY

The global Digital Solidarity Fund (DSF) is an African Union initiative intended to promote the transition from the digital divide to digital solidarity. It is underpinned by a new financing mechanism whereby information technologies drive development through a 1% digital solidarity contribution on ICT-related local authority procurement contracts.

Led by its founding father, H.E. Abdoulaye Wade, President of the Republic of Senegal and Chairman of the NEPAD Infrastructure Committee – which received the 1st World Information Society Award for this initiative – the Fund enjoys solid political support.

Participating in international discussions on new financing mechanisms for development, the officers of the DSF – guided by clearly defined principles in terms of financing and intervention – have demonstrated the suitability and feasibility of the digital solidarity contribution.

Meanwhile, the Fund has also proven its worth by financing, between its establishment and 31 December 2006, 11 projects for a total of CHF 2,422,156 (approx, €1,500,000). Based on these initial experiences, a simple, stable procedure has been set up for processing funding applications of up to €500,000 for community projects.

With a view to broadening its action to encompass private companies as well as public authorities, the Fund has joined two initiatives bringing together the public sector, private sector and civil society: the Global Alliance for ICT and Development (UN) and Connect the World (ITU).

2. ORGANISATION OF THE FUND

A foundation governed by Swiss law, defined by its statutes dated 27 August 2004, which were approved by the Swiss federal authorities, and operating under the surveillance of the Swiss Confederation, the Fund was inaugurated in Geneva on 14 March 2005.

The Fund as a whole is supervised by a Foundation Board and Executive Committee, while its administration is directed by an Executive Secretary, assisted by a small administrative and financial team. The DSF operates out of offices provided free of charge by Geneva City Council, in the international organisation district.

Once all aspects of setting up the Fund (statutes, staff, premises, administrative structure, chart of accounts, visual identity, etc.) had been finalised, its officers turned their attention to:

- a) Setting up the Scientific Committee formed in line with the proposals of the Regional Commissions of the United Nations, respecting gender equality;
- b) Opening, in collaboration with Nigeria, an Africa Regional Office located in Abuja;
- c) Preparing and setting up the procedure for processing funding applications for community projects, based on experience from the pilot projects;
- d) Preparing and setting up a small project management unit, within the DSF structure.

Moreover, the officers have endeavoured to create a clear visual identity for the Fund, defined by a graphic charter, facilitating promotion of its cause through contemporary communication channels (website in 3 languages, newsletter and brochure in 3 languages, multimedia presentation, the film “The dream and the antenna”, etc.).

In addition, the officers of the Fund have established relationships with various actors developing simplified technologies, with a view to meeting the real needs of populations at a lower cost.

Finally, the Fund has actively contributed to the preparation of two ceremonies: the presentation of the 1st World Information Society Award to Abdoulaye Wade, President of the Republic of Senegal and founding father of the DSF, and the presentation of the Digital Solidarity Award to Yoshio Utsumi, Secretary-General of the International Telecommunication Union, who has actively supported the Fund since its outset.

3. THE FINANCING PRINCIPLE OF THE FUND

3.1. New mechanisms for financing development

Following the Millennium Declaration (New York, September 2000) and the Monterrey Conference (March 2002), the issue of how to finance the Development Goals has been high on the agenda of the international community.

Realising that the gap between the political commitments expressed and the actual development funding available could not be reduced with the existing resources, on 30 January 2004, the leaders of Brazil, Chile and France, subsequently joined by Algeria, Germany and Spain and supported by the Secretary General of the United Nations, adopted the Geneva Declaration on new financing mechanisms for development. These mechanisms are intended to guarantee stable, predictable funding, independent of budgetary fluctuations, enabling the beneficiary countries to develop more effectively in the long term.

Backed by 79 States at the United Nations Summit on Achieving the Millennium Goals (New York, September 2005), this initiative led to the Paris Ministerial Conference (February 2006) and the creation of the Pilot Group on Solidarity Contributions for Development.

The Pilot Group is made up of 46 States. Its half-yearly presidency has been taken up by Brazil (March-August 2006) and Norway (September 2006 – March 2007). The Permanent Secretariat is provided by France. International organisations and NGOs can be invited to join the work of the Group by the Permanent Secretariat.

The Pilot Group draws up a list of new financing mechanism projects, monitors those that have already been tested, evaluates mechanism pilot phases and decides whether they are feasible and should be rolled out.

Invited by France, the Fund played an active part in the Paris Ministerial Conference (February 2006), as well as the Brasilia (July 2006) and Oslo (February 2007) meetings.

3.2. The digital solidarity contribution

The Fund has devised a new financing mechanism whereby information technologies drive development.

This new financing mechanism depends on local and national public authorities voluntarily applying a 1% digital solidarity contribution to procurement contracts related to information technologies. The 1% contribution is paid by the supplier from its profit margin.

Clearly stated from the outset of the tendering process, the contribution is not subject to negotiation or interpretation, thus ensuring that competition is not distorted. The 1% digital solidarity contribution is collected in the IT sector to finance existing but undeveloped demand in the same sector. For the companies paying this contribution, it is neither a tax nor a donation, but rather an investment in the markets of the tomorrow. It also entitles them to display the digital solidarity label.

At the plenary meetings of the Pilot Group, the Fund:

- a) Presented the digital solidarity principle, which has been included in the list of new financing mechanisms for development;
- b) Reported on the digital solidarity contribution experimentation phase, demonstrating its feasibility.

3.3. Towards an international agreement?

In the course of its first two years of existence, the Fund has noted that, on the whole, the idea of the 1% digital solidarity contribution on public procurement contracts related to information technologies is well received. Within the framework of the Pilot Group, its feasibility has been demonstrated, without hiding the difficulties linked to its widespread application.

Implementation of the digital solidarity contribution may, in certain countries, give rise to legal problems linked to the statutes of local authorities and require the adaptation of legislation at the national level.

To overcome these difficulties and enable the digital solidarity contribution to become a widespread practice, it would be desirable to conclude an international agreement on digital solidarity financing, whereby the signatory States would authorise their local authorities to implement the digital solidarity principle, should they so wish. This agreement will probably be discussed by the Pilot Group, under the presidency of South Korea (March-August 2007).

4. THE INTERVENTION PRINCIPLE OF THE FUND

4.1. Community-based projects

Thanks to the funds raised through the digital solidarity principle, the DSF contributes sums of up to €500,000 to community-based projects, within the framework of a given national policy addressing insolvent demand, with a view to creating new activities, new jobs and, eventually, new markets.

The DSF does not finance large infrastructures (funding is available for large projects from international, regional and national agencies), instead focusing on community-based projects that meet the real needs of populations, are adapted to conditions on the ground and are respectful of local knowledge. These projects must be easy to replicate in other communities, be based on a public sector – private sector – civil society partnership, and ensure that all financial support is traceable.

Finally, preference is given to projects put forward by women's organisations, as women are the main providers of food, education and health and largely responsible for the transmission of values. They are based on South-South cooperation wherever possible.

4.2 The procedure for processing funding applications

Having proven its worth by financing 11 projects, presented in phase II of the World Summit on the Information Society (Tunis, November 2005), the Fund concentrated on setting up, based on its initial experiences, a simple, clear, effective and stable procedure for studying, selecting and monitoring the projects submitted to it for consideration.

In accordance with the draft regulations submitted to the Foundation Board, funding applications are processed within 90 days. Processing comprises three phases: admissibility, evaluation, selection.

In most cases, the bulk of the work is carried out by the Scientific Committee, which performs a detailed analysis of the project (suitability, feasibility, usefulness, sustainability, reliability, replicability, cost-effectiveness, results indicators, traceability of financial contributions, implementation, monitoring and evaluation procedures, the information technology element, etc.).

In the case of complex projects, or projects that pose specific problems, the Scientific Committee may outsource the detailed analysis of the project to qualified agents, notably the Digital Solidarity Agency (Lyons, France) or the Digital Training Centre (Turin, Italy).

5. BUILDING POLITICAL SUPPORT

In line with the broad vision of the fight for equal access to knowledge and based on the clear definition of the financing principle and intervention principle of the DSF, its officers have worked to build broad political support to ensure the success of this African Union initiative.

The Fund's efforts – which involve a great deal of travel and networking – are bearing fruit. Indeed, the DSF has been acknowledged and commended by:

- a) The Summit of Heads of State and Government on the Millennium Development Goals (New York, September 2005);
- b) Several regional organisations (African Union, Addis Ababa, July 2004; European Union, Brussels, February 2005; Islamic Conference, Mecca, December 2005);
- c) The Annual General Meeting of United Cities and Local Governments, which is to local authorities what the United Nations is to national States (Beijing, June 2005).

It is also worth noting that the 11th Francophonie Summit (Bucharest, September 2006) and the 5th Summit of Heads of State and Government of the ACP Group of States urged their Member States to adopt and implement the principle of the digital solidarity contribution.

Finally, the officers of the Fund have joined the Global Alliance for ICT and Development, set up by the United Nations, and Connect the World, set up by the ITU: these two initiatives, which bring together the public sector, private sector and civil society, should enable the Fund to extend its action from public authorities and also include private companies.

6. CONCLUSION

Created in the wake of the World Summit on the Information Society, the DSF and the digital solidarity contribution have been accepted all the more readily given that, in the space of two years, they have proven their worth.

Benefiting from solid political support and participating in international discussions concerning new financing mechanisms for development, the Fund has generated recognition of the digital solidarity contribution and demonstrated its feasibility.

While the officers of the Fund continue to work on overcoming the difficulties linked to widespread adoption of the 1% solidarity principle – due to variations in local authority statutes within national States – they will continue to increase the number of Founding Member States and will prepare a draft international agreement. Under this agreement, the signatory States would authorise their local authorities to implement, voluntarily, the digital solidarity contribution.

At the same time, the Fund will continue to finance development projects with income from the digital solidarity contribution, the Founding Member States and commissions from funding agencies wishing to support community-based projects involving information technologies.

