

## **Report of the President**

*(to 16 March 2006)*

### **Summary**

The Global Digital Solidarity Fund is an African Union initiative, proposed by H.E. Abdoulaye Wade, President of Senegal and President of the NEPAD Infrastructures Committee, aimed at moving from digital divide to digital solidarity. Born in the aftermath of the World Summit on the Information Society (Geneva, December 2003), the Fund is based on a new financing mechanism which places information technologies at the service of development efforts, through a 1% digital solidarity contribution on public ICT procurement contracts.

During the first year of activity – which exceptionally covers 16 months, from 6 June 2005 to 31 December 2005 – the Fund's officials concentrated on effectively developing the newly established institution (statutes, organs, personnel, offices, administrative and financial structure, visual identity, etc.).

In addition, they defined the Fund's financing mechanism and its intervention policy, which confers the Fund its specificity and uniqueness. And they built a vast political support within international community, which resulted in the signature of a number of Memoranda of Understanding (MoU) with existing institutions.

Finally, they decided to act without delay at field level, by financing 8 pilot projects in Africa and in Asia.

### **Establishment phase**

After several months of preparatory work with the initial founding members' representatives, and after authorization from the Swiss federal authorities, the Fund's statutes were signed on August 27, 2004 in Geneva.

The Fund brings together the public sector, the private sector and civil society under a Swiss law foundation, placed under the surveillance of the Swiss Confederation. It benefits from fully equipped offices in the area of international organisations, graciously offered by the City of Geneva.

Placed under the responsibility of a Foundation Board, in course of formation, and that of an Executive Committee, the Fund is administered by an Executive Secretary assisted by a small administrative and technical team.

After completing its establishment phase, the Fund's officials concentrated on creating a clear visual identity, defined by a graphic unity enabling the Fund's promotion through modern communication tools; (web site in 5 languages, newsletter and brochure in 3 languages, multimedia presentations, etc...)

Finally, the Fund was inaugurated on March 14, 2005, in the presence of its “Founding Father”, H.E. Mr. Abdoulaye Wade, during an official ceremony, Presided by H.E. Mr. Olusegun Obasanjo (Nigeria), President of the African Union, and President of the Commonwealth. Many Heads of State, Heads of Government, and Foreign Ministers participated in the event, along with eminent personalities representing the international community, the private sector and civil society.

### **The Fund’s financing mechanism**

The Fund proposes a new financing mechanism to put ICT at the service of development efforts.

This new financing mechanism – in line with the 2006 international agenda that is in its large part dedicated to innovative development financing – relies on the voluntary commitment of local and national public authorities who decide to introduce a 1% digital solidarity contribution on public ICT procurement contracts, paid by the vendor on his profit margin.

Openly stated from the onset of the bidding procedure, the 1% digital solidarity contribution is neither subject to interpretation nor negotiation and thus does not cause a distortion of market competition. The 1% digital solidarity contribution is collected from the ICT sector in order to finance, within the same sector, an existing but insolvent demand. For contributing businesses, it is not a donation, nor a tax: it is an investment intended to open new markets, which, moreover, awards the right to display the “digital solidarity” label.

### **The Fund’s intervention policy**

The Fund’s intervention policy – which, as with its financing mechanism, is its specificity and uniqueness – has also been closely examined.

Thanks to the 1% digital solidarity contributions, the Fund participates to the financing of community-based projects requiring grants of less than Euro 500’000, which are in line with national priorities and target insolvent demand in order to create new activities, new jobs and new markets.

The Fund’s policy is to decline the financing of large infrastructures – for which funds are available through international agencies at local or national level – and, instead, to give priority to community-based projects which respond to the needs of communities, which are adapted to field realities, and are respectful of local knowledge. These must be easily replicated to other communities, they must privilege partnerships between public sector, private sector and civil society, and they must ensure traceability of the financial support.

Finally, priority is granted to projects involving women’s organisations – as they are the principal network for food, education, health and the transmission of values – and, where possible, South-South cooperation projects.

## **Pilot Projects**

Thanks to the initial founding members' contributions, the Fund has proven its ability to act promptly, by financing of 8 pilot projects in Africa and Asia (tele-medicine and tele-education in Africa, governance in Asia).

## **The building of political support**

Based on a broad political vision of the challenges posed by the digital divide and the unequal access to knowledge, and based clearly defined financing mechanism and intervention policy, the Fund's officials committed to building a wide political support, enabling this initiative – promoted by the African Union and by its founding members – to become reality.

This effort – which required numerous contacts and frequent travel during 2005 – was crowned with success. On the broad political level, the Fund was both recognised and welcomed by:

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

At a more specific political level, the Fund was also recognised and welcomed by:

- a) The World Summit on the Information Society – Phase II (Tunis, November 2005);
- b) The Cities and Local Authorities Summit on the Information Society (Bilbao, November 2005).

## **Cooperation Agreements**

The Fund's officials took advantage of these international meetings to establish the necessary contacts with existing institutions and programmes which place ICT at the heart of development. These contacts generally resulted in Memoranda of Understanding (MoU) enabling the Fund to have access to expert networks of such specialised institutions.

Finally, the Fund contributed to the establishment of the International Digital Solidarity Agency by the City of Lyon.

## **What next?**

In the course of its first 18 months of existence, the Fund noted that the idea of a 1% digital solidarity contribution on public ICT procurement contracts is generally well accepted.

In certain countries, however, its implementation may cause legal difficulties due to local authorities' statute, and to the need to adaptation national legislations. To overcome such

difficulties, it may be necessary to negotiate an international treaty on digital solidarity financing, which will enable signatory countries to authorize local authorities to implement the 1% digital solidarity contribution.

In addition, in the future, in order to transform political support into concrete commitment, the Fund will participate in the international debate related to innovative development financing, while also extending its scope of action from public authorities to private businesses.

Finally, in the immediate future, and on the basis of its initial experiences, the Fund will establish simple, efficient and consistent procedures for project identification, selection and control.

