

Asian Development Bank- Long Term Strategic Framework

Contribution from the Microsoft Corporation

Introduction

Microsoft welcomes this opportunity to contribute to the deliberations of the Asian Development Bank (ADB) about their Long Term Strategic Framework. We share many of the goals of the ADB and value the opportunity to partner with the Bank in delivering programs aimed at addressing the needs of citizens, communities and governments in the wide geography covered by the ADB.

More specifically, Microsoft is committed to serving the public good through innovative technologies and partnerships that contribute to economic and social opportunity, and by delivering on our business responsibilities of growth and value to customers, shareholders and employees. We are committed to promoting innovation through driving technology solutions, responsible leadership in our business practices, and partnerships that create economic and social opportunity. Through Microsoft Unlimited Potential, we aim to bring relevant, affordable and accessible technologies to help to transform education, foster local innovation and enable jobs and opportunity for the next 5 billion people who are under-served by technology. We hope to empower people worldwide to join the modern workforce, become innovators, create new businesses and teach and inspire others with a particular focus on young people.

Recognizing the critical importance of partnerships, Microsoft is working with a number of International Financial Institutions (IFIs), aid agencies (including UN agencies, USAID, the EU and national aid agencies), individual governments, and civil society.

While we do not dispute that tackling poverty should remain at the forefront of the ADB's agenda, we also encourage the ADB and its stakeholders to consider how the private sector, the IFIs and international aid agencies may work together with the Bank and the Developing Member Countries (DMCs) to accelerate progress toward this goal. Therefore, we welcome the Bank's determination to play a pivotal role in co-ordinating the efforts of the private sector and the other organisations to achieve common goals-such as poverty reduction, social development, coping with demographic change, environmental protection and large scale infrastructure projects.

It is clear that several organisations may be operating in a particular geography at the same time, often addressing very similar issues. The Bank could provide an informal "platform" to enable a better alignment of programs and projects and thus improve the targeting of resources and minimise duplication and waste. The private sector could play a positive role by acting as a channel to improve the exchange and dissemination of proven good practice on a world-wide basis. Given the wide disparities that exist between the DMCs in the ADB region, a "one size fits all" approach would fail. However, there are also similarities between countries within the Region and, indeed, between countries in other parts of the world. We consider that solutions that have worked well in one DMC or in a developing country in another continent may be adapted for use in another DMC. This approach could accelerate the roll out of programs – such as digital skills or literacy, or SME development - that could have a powerful positive impact on individuals, communities, businesses and local governance.

ICT4Development

The Bank has specifically identified Information and Communication as “a new but increasing challenge for ADB’s developing member countries.” We wholly agree.

The Importance of a Skilled, ICT-Literate Workforce

Skilling the workforce for the 21st century must be a top priority for governments across the region. Indeed, an important factor in encouraging foreign firms to invest in a particular country or region is access to a literate and skilled workforce. Those countries which have a clear policy objective to develop local ICT expertise and know-how and which align programs such as education, skills and digital literacy in support are most likely to achieve that objective with resulting benefits to their communities, businesses and public administration.

One such benefit is unleashing the entrepreneurial capacity within communities. A combination of access to relatively small amounts of capital combined with new skills – such as digital literacy - can improve the productivity and outreach of traditional industries, thus making them more competitive in an open market. And access to education for all, regardless of gender, race, religion or age will empower individuals, businesses and communities to move up the value chain away from a focus on primary production or extraction of raw materials.

The Persistent Digital Divide in Asia

Clearly, several countries within the ADB’s geographic coverage have already embarked on developing core strengths in ICT whether in building hardware or providing software and services. But other countries have thus far been unable to leverage ICT in helping to drive economic growth and improvements in social structures. And large segments of populations across the region are increasingly being left behind as a result.

Indeed, despite significant improvements in the access to – and use of – ICT across the region, there is a wealth of evidence that a persistent digital divide exists between and within countries. Many less affluent areas of the region still lack basic access to technology and training, widening the gap between communities in terms of quality of life, competitiveness and economic development. For developing companies in particular, creating an educated technology proficient workforce is perhaps the key driver of competitive success in the global knowledge economy.

Nowhere is the ICT gap more evident than in education. Students in developing countries often lack access to computers and software, and educators are not always trained in how technology can aid learning. IFIs, IGOs, think tanks and educational institutions have studied the scale and scope of barriers to ICT access and education. Nearly all see the need for new educational paradigms – and public/private partnerships to support them.

Efforts to Increase Digital Literacy and Opportunities for Partnership

Microsoft, as a global producer and supplier of software, is ready and willing to help the ADB and the DMCs to address this particular challenge. Microsoft has direct or indirect representation in most DMCs. Indeed, Microsoft is working successfully already with a number of DMCs to develop ICT4D strategies and programs, including through technology skills building. For example, we have a number of programs under Microsoft Unlimited Potential that are designed to increase digital literacy. One is our Partners in Learning Program (PiL), which offers free software licenses for donated PCs used in school settings, ultra-low software pricing for developing countries, and ICT training and curricula for

teachers. Our Community Technology Skills Program (CTS) is focused on learning outside traditional education settings; under this program, we partner with a large network of NGOs across the region to deliver free software licenses and ICT skills training to underserved communities.

Our PiL, CTS and other programs could be scaled in dramatic ways through partnerships with organizations such as the ADB.

And we would welcome the opportunity to leverage our global network of partners to support the ADB's development-related objectives where we and our partners have knowledge and/or expertise that is relevant and appropriate.

The Importance of an Enabling Environment

But if governments are to skill up workforces and build an environment in which innovation and entrepreneurship can thrive, local conditions must be supportive. That includes ensuring the development of a sound public policy framework. Set forth below is a brief overview of our position on a range of important public policy areas. We have developed considerable expertise in these areas through our experience in many markets around the world, and we would welcome the opportunity to collaborate with the Bank and other leading institutions in efforts to support economic growth through public policy reform.

Providing a framework and foundation for innovation and sustainable growth

Sound public policies provide the foundation and framework for innovation and sustainable growth. This is particularly important for entrepreneurs who are the source of new ideas and who are willing to take the kind of risks that result in the creation of new products and markets and ultimately a healthy, pro-competitive IT sector.

- Promoting the value of intellectual property

Government policy should ensure that innovators and those willing to invest in the development of new technologies are rewarded for their efforts. Economic incentives for innovation are best provided through the recognition of intellectual property rights. Governments foster innovation and its commercialization through the grant of intellectual property rights in line with international norms, effective enforcement systems, and ensuring that right holders have the ability to exercise those rights in a way that makes economic and strategic sense. Policies to promote and protect patents, copyright and trade secrets will drive investment and job creation and the broader economic and societal benefits that they promote.

- Promoting government-funded basic research and incentives for private sector R&D, and commercialization arrangements for government-funded R&D

Governments should strive to create an environment in which innovators can dedicate their energies to taking technologies in new directions. By minimizing economic risks and enhancing the prospect of economic rewards, government investment in basic research and incentives for private sector R&D create an environment in which creators can dedicate themselves fully to the advancement of knowledge.

- Promoting Good Governance and Rule of Law

Good, transparent governance is another critical success factor in the delivery of programs - particularly where a country wishes to leverage the skills and resources of the private sector - as part of a strategy to eliminate poverty and inequality. Private sector actors will be reluctant to invest in countries where the exercise of government functions is unpredictable or capricious and where corruption is tolerated. As a result, such countries end up, in effect, paying a premium for access to current technologies and services, and this has a negative knock-on effect on their capacity to address their particular development challenges.

Promoting the open and free flow of people, products, services and ideas

- Promoting and preserving free trade and open markets

Open markets are fueling economic growth, increasing cross-border investment, deepening regional and global integration, and boosting incomes. While globalization presents challenges for every society, people who obtain the necessary education and training to compete in an increasingly knowledge-based economy will enjoy the greatest opportunity in the future. Information technology is part of the essential infrastructure of a well-functioning modern economy. Free trade and open markets support investment in and the access to the technology tools needed to compete effectively in today's global economy.

- Preserving freedom of expression online

The Internet should be fostered and protected as a worldwide vehicle for reliable information and communications, personal expression, innovation and economic development. At the same time, the Internet raises issues that often justify national government attention, especially on matters of individual privacy, on-line safety, law enforcement, and national security. It is important that governments address these issues with deliberation and restraint. A robust international dialogue and bilateral consultations should be undertaken to promote the consistency of national actions and to maximize the openness, security and reliability of the Internet platform, including through the development of a clear set of principles that should guide policies and practices of global Internet companies providing services around the world.

Promoting a safe and secure online environment

- Ensuring a safe and secure Internet for users of all ages

Information technology is a driving force in the world economy, leading to cutting-edge developments in e-commerce, global communication, education, entertainment, and many other areas. IT will continue to change our lives and to offer new and exciting opportunities, particularly for the generation of people growing up in an increasingly "connected" and interdependent world. Government policies should ensure a more secure information technology infrastructure – including support for effective cybercrime laws, adequate enforcement capacity, and enhanced public awareness – which are essential to our societal and economic future, to public safety, and to global security.

- Protecting privacy in the online environment

In today's interconnected world, with affordable and powerful PCs, high-speed Internet connections and a plethora of mobile devices, computer users are engaging in rich online experiences around e-commerce, communications and entertainment. As the volume and use of personal information online continues to grow, consumers, business leaders, government policymakers and privacy advocates are demanding better protection for individuals and for their personal information. Particular care is needed to protect the safety of children who are often among the most vulnerable computer users. A growing array of data protection laws and regulations present both the private and public sectors with the daunting task of determining which rules and regulations apply to their activities. Activities that may be perfectly legal and commonplace in one part of the world may be prohibited elsewhere, creating confusion for businesses, governments and consumers alike. Government should be encouraged to develop comprehensive and unified privacy legislation that will provide meaningful protection for individuals online, and set clear guidelines for businesses.

Transforming education, learning and access to technology

Microsoft began with a dream of a PC on every desk and in every home. Thirty years ago this seemed impossible. Today, for the more than one billion people reached by these technologies, life has changed profoundly: information is more readily available; connections are more easily made; commerce is more quickly achieved; and success is closer than ever. But for more than five billion people, the opportunity to learn, connect, create, and succeed remains elusive. As highlighted above, Microsoft has set a goal of bringing the benefits of technology to one billion more people by 2015 through digital inclusion programs and public policy advocacy. Further information on this effort is provided below.

- Supporting education reform and promoting lifelong learning

Microsoft partners with universities, governments, the business community, non-profits, and other institutions to support education reform worldwide. We support programs and advocate for policies that provide teachers, students and parents with the tools and training they need to meet basic educational needs and promote math and science education at all levels. We believe that such engagement and advocacy at the local, national and international level is essential to create education systems that enable individuals to participate and prosper in the digital economy.

- Ensuring entrepreneurs and workers at all levels have the skills they need for the digital economy

Microsoft is committed to playing a leading role in helping to modernize workforce development policies and programs designed to respond to the changes in the new world of work. In today's knowledge-based economy, computer literacy has become an essential workplace skill. Microsoft is working worldwide to increase individual potential by eliminating technology illiteracy. For example, Microsoft supports policies and innovative business models that enable lower income people to acquire PCs using affordable subscription or pay-as-you-go methods.

- Promoting the deployment of the infrastructure for access

Convergence among ICT products and services is a boon for consumers, governments and business. At the same time, these changes create tension within traditional regulatory approaches. To avoid impeding innovation, Microsoft advocates for the careful and creative evolution of legacy regulations and aggressive spectrum reform.

In addition, governments that recognise the transformative role of ICT will encourage the building of an appropriate telecommunications infrastructure, both to facilitate and improve communication and access to knowledge within the country but also with the rest of the global community. Internet-based services can help to alleviate the impact of distance and of isolation, thus enabling governments to improve their services to citizens. Improved communications may also act as a disincentive to internal migration, thus relieving some of the pressure – both social and environmental - off the large urban areas which are already struggling to cope with huge, rapid population growth.

And, of course, the availability or impending availability of an efficient telecommunications infrastructure is itself an incentive for existing and new firms to invest in a DMC, thus creating a virtual cycle of investment and sustainable growth.

Concluding Remarks

Microsoft is working to create new business models and technology solutions as well as engaging in focused public policy advocacy in an integrated, global effort to address the diverse issues faced by those who currently receive little or no benefits from technology. But tackling these issues on our own from a business, philanthropic and advocacy standpoint will be insufficient to make a meaningful difference. For that reason, we are fully committed to partnering closely with institutions, such as the ADB, that have shared goals. We are confident that such partnerships have the capacity to vastly enhance the opportunities for underserved populations across Asia and around the world, empowering more people to realize their full potential.

Thank you again for the opportunity to provide our comments, and we look forward to participating not only in an ongoing dialogue but also in specific projects.