

ICT AS AN ENGINE OF COMPETITIVENESS

Ladies and gentlemen, good afternoon.

It is a pleasure to be once again at the Global Forum for my 5th consecutive time.

And it is a pleasure to see that every year the quality of the conference grows and that we feel an ever greater need to talk about ICT.

I believe that this is so because every year the correlation between ICT and growth and competitiveness becomes clearer and more evident.

Investing in ICT is like sitting on huge reserves of oil and other natural resources.

The recently published European Digital Agenda underlines the central role played by ICT in the creation of a new phase of intelligent, sustainable and inclusive growth.

The agenda sets seven priority action areas, as a general framework from which each member state shall identify its national action plan.

Despite the general consensus that ICT plays a progressively growing role in the global economy, the European picture shows a non-homogenous situation. We have low levels of ICT literacy along with excellencies in the use of mobile technologies. We have to consider this when we look at the most recent data on ICT use and development.

We all know that growth and competitiveness are closely connected.

The recent World Economic Forum “Global competitiveness 2010-2011” report analyzes 12 pillars of economic competitiveness in 39 world countries. The report identifies, on the one hand, the characteristics of the individual national economies (factor driven, efficiency driven, innovation driven economies), on the other a global competitiveness index.

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| Basic Requirements | Efficiency Enhancers | Innovation and Sophistication |
|--|-------------------------------|-------------------------------|
| Institutions | Higher education and training | Business sophistication |
| Infrastructure | Goods market efficiency | Innovation |
| Macroeconomic environment | Labour market efficiency | |
| Health and primary education | Financial market development | |
| | Technological readiness | |
| | Market size | |
| <i>Weighted index: % mix of the indicators determines the economy typology</i> | | |
| ▼ | | |
| factor-driven economies | efficiency-driven economies | innovation-driven economies |

Source: World Economic Forum, “The global competitiveness report 2010-2011”

The report clearly shows that the ICT industry –including telecommunications operators, computer and software

producers, electronic equipment manufacturers— is playing an increasingly important role in the global economy as an engine of growth,

ICT created approximately 5 percent of global Gross Domestic Product growth between 2003 and 2008 and accounted for 5.4 percent of world's GDP in 2008.

This figure is expected to reach 8.7 percent by 2020.

ICT delivers not only growth, but also social benefits. The industry has a big role to play in improving education, healthcare access and services. And recent McKinsey research shows that ICT can potentially contribute to reducing worldwide CO2 emissions by 15 percent in 2020—an enormous amount.

ICT enables economic growth by broadening the reach of technologies like high-speed Internet, mobile broadband, and computing.

Expanding these technologies itself creates growth, making it easier for people to interact and making workers more productive.

For instance, McKinsey estimates that just bringing mobile broadband levels in emerging markets up to those of more developed markets could add between 300 and 420 billion US\$ to the world's GDP and 10 to 14 million new jobs in areas like equipment manufacturing and outsourced services .

ICT's role in enabling economic growth has grown as governments have been investing to stem the effects of the global financial crisis.

Countries that have significantly invested in ICT between 2007 and 2009 have a higher ranking in the WEF "Global Competitive Index 2010". Switzerland, number 1 in the ranking, with an index of

5.63, has invested an average of 3.1 percent of its Gross Domestic Product in ICT.

As this chart clearly shows, the Top 5 countries ranked in the “Global Competitive Index 2010” are those that have made the biggest investments in ICT.

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| Country (rank +score) | Overall Index | Basic requirements | Efficiency enhancers | Innovation |
|-----------------------------|------------------|-----------------------|-------------------------|------------|
| Switzerland | 1° (5,63) | 1° (6,05) | 4° (5,41) | 2° (5,71) |
| Sweden | 2° (5,56) | 3° (5,98) | 5° (5,32) | 3° (5,67) |
| Singapore | 3° (5,48) | 2° (6,05) | 1° (5,49) | 10° (5,07) |
| USA | 4° (5,43) | 32° (5,21) | 3° (5,46) | 4° (5,53) |
| Germany | 5° (5,39) | 6° (5,89) | 13° (5,11) | 5° (5,51) |

ICT acts as an engine of growth also helping Public Administrations work better and more efficiently.

I would define digital innovation in the public sector as the capacity to use digital technologies to increase internal efficiency and service quality to citizens and businesses, by cutting costs and increasing participation. This is what we mean by e-democracy and e-participation.

A digital Public Administration helps the private sector work better in 2 ways:

- A) The processes, infrastructures and systems that are the engines of the administration enable the delivery of high quality services to citizens and businesses.

- B) The capacity of using these digital services is made available to citizens and businesses, increasing the level of computerization of a country.

And, forgive me if I seem to talk shop, but I must say that a very positive and encouraging example of the improved services that a Digital Public Administration can deliver to citizens and businesses is provided by eProcurement.

Today in Italy the word e-Procurement is no longer an English trendy yet obscure expression. Today eProcurement is a daily activity that is carried out by the Italian Public Administration.

Public buyers have understood the opportunities that are offered by this tool in areas such as process simplification, time saving and cost cutting.

We also have to consider that, due to the global crisis, today - more than in the past - these same buyers have to be more careful in how they spend their money.

Finally, I would also point out that ICT in Public Administration's contribution to the rationalization of expenditure, frees resources that can be put to other uses, especially in the social sphere.

Thus, ICT acts as a multiplier of growth not only in the private sector, by making companies and workers more efficient and productive, but also in the public sector, by increasing the number of stakeholders actively participating in the digital society.

A more detailed presentation of the benefits of the use of eProcurement will be given in the following session 4-2 on "Collaborative eProcurement", where some of the major global eProcurement agencies will share their experiences and the lessons learned.

I warmly encourage you to attend that session and I thank you for your attention.