



World Bank Support for Digital Economy in the Eurasian Region

***The IT industry in Eurasia -
different paths, common challenges?
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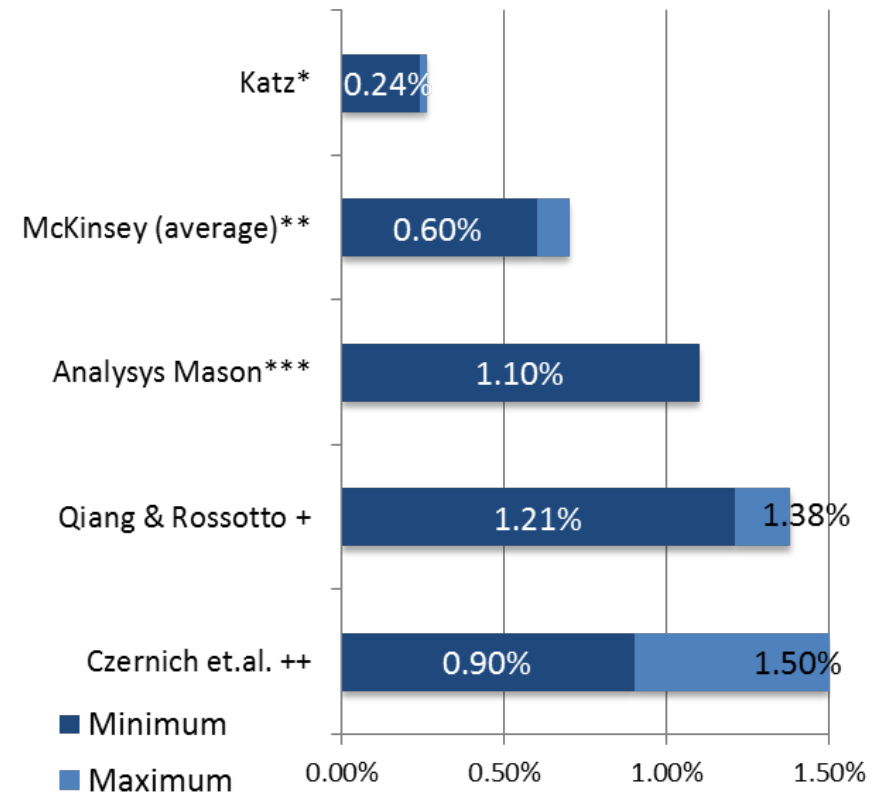
Outline of presentation

1. Economic Impact of Digital Economy programs
2. Similar challenges for IT sector development in Eurasia
3. World Bank approach to support Digital Economy in the Eurasian Region (examples):
 - EU4Digital broadband technical assistance
 - Digital CASA regional program for Central Asia



- **10% increase in broadband penetration yields at least 1% increase in GDP growth** (see chart)
- **1% increase in Internet penetration correlates with 4.3% export growth** (Wallsten, 2007)
- **20% of all jobs will be contracted online in 2020** (oDesk) - SMEs that integrated the Internet into their businesses created twice as many jobs as the average (McKinsey Global Institute)
- **1 new job in the ICT sector creates 2-4 jobs for the overall economy** (McKinsey Global Institute)

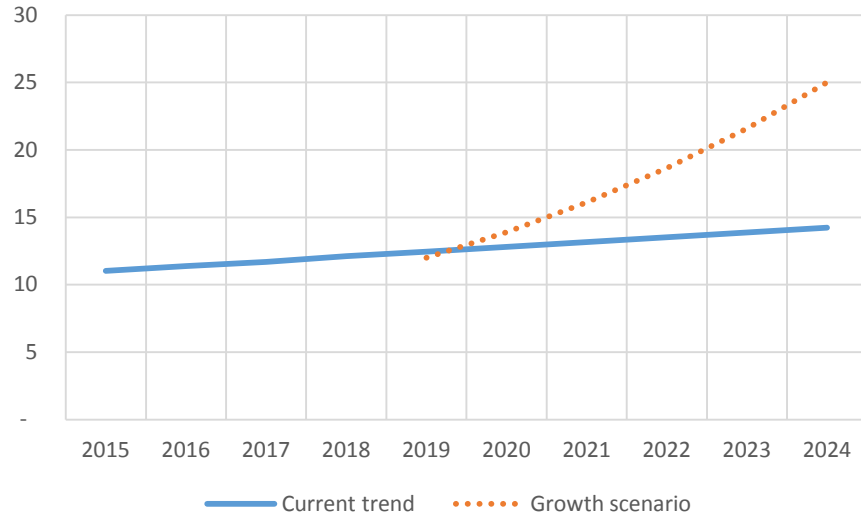
Impact on GDP of an increase of 10% in broadband penetration



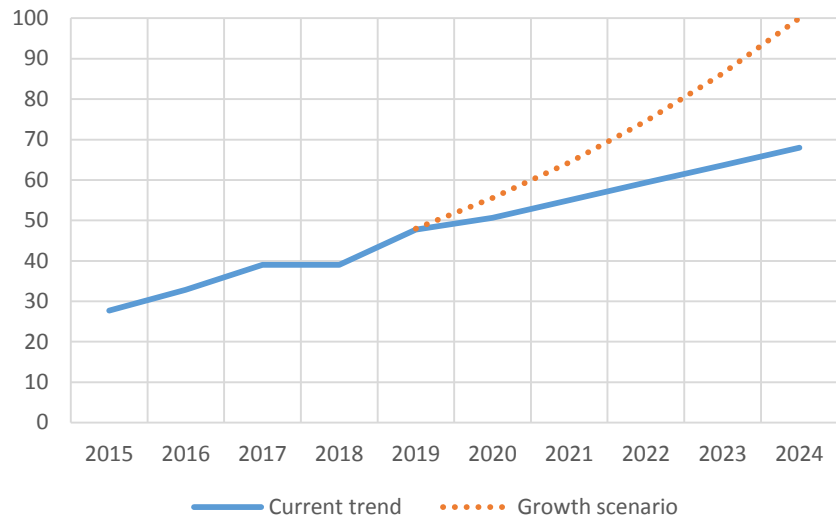
Economic impact of broadband adoption and speed (Ukraine example)



Fixed broadband subscriptions (per 100 people)

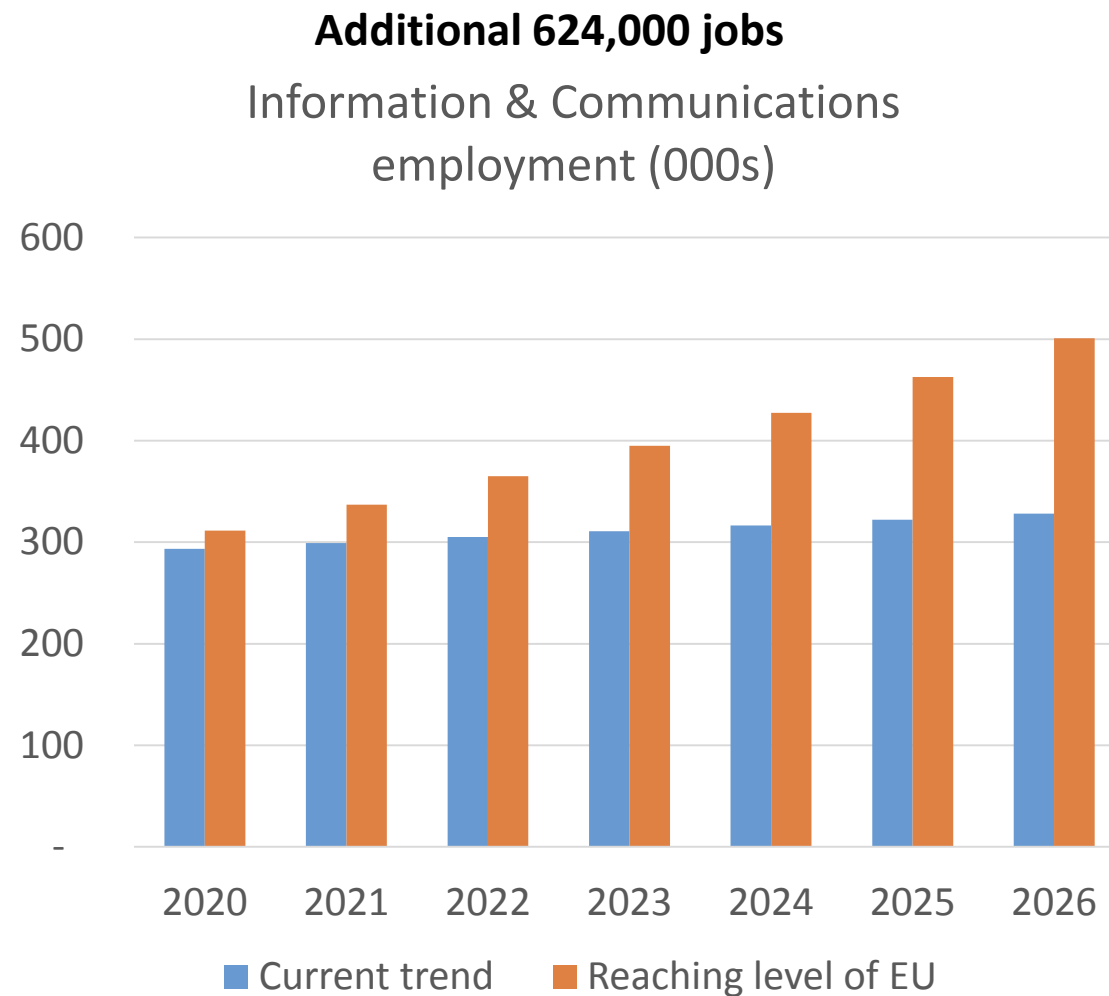
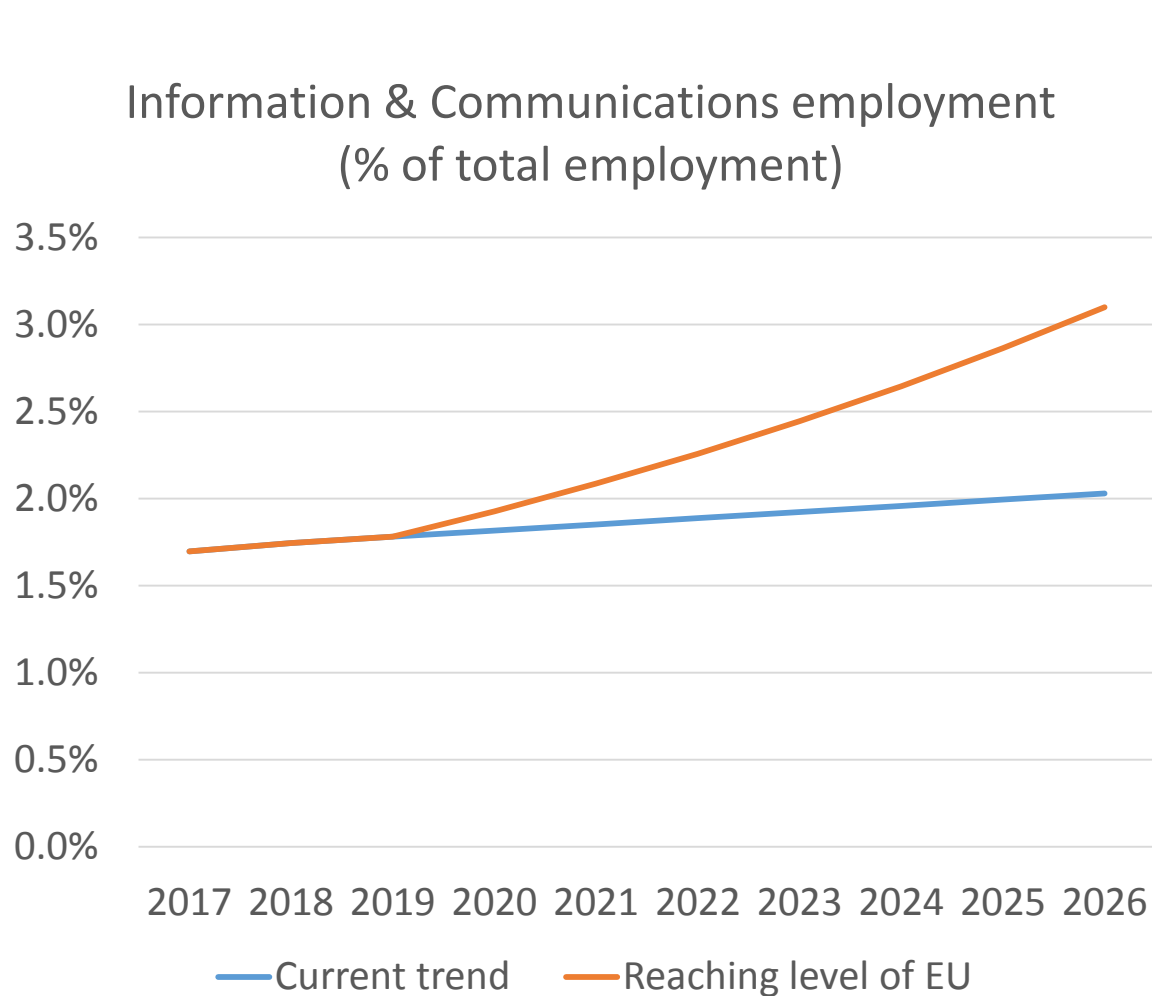


Fixed broadband download speed (Mbps)



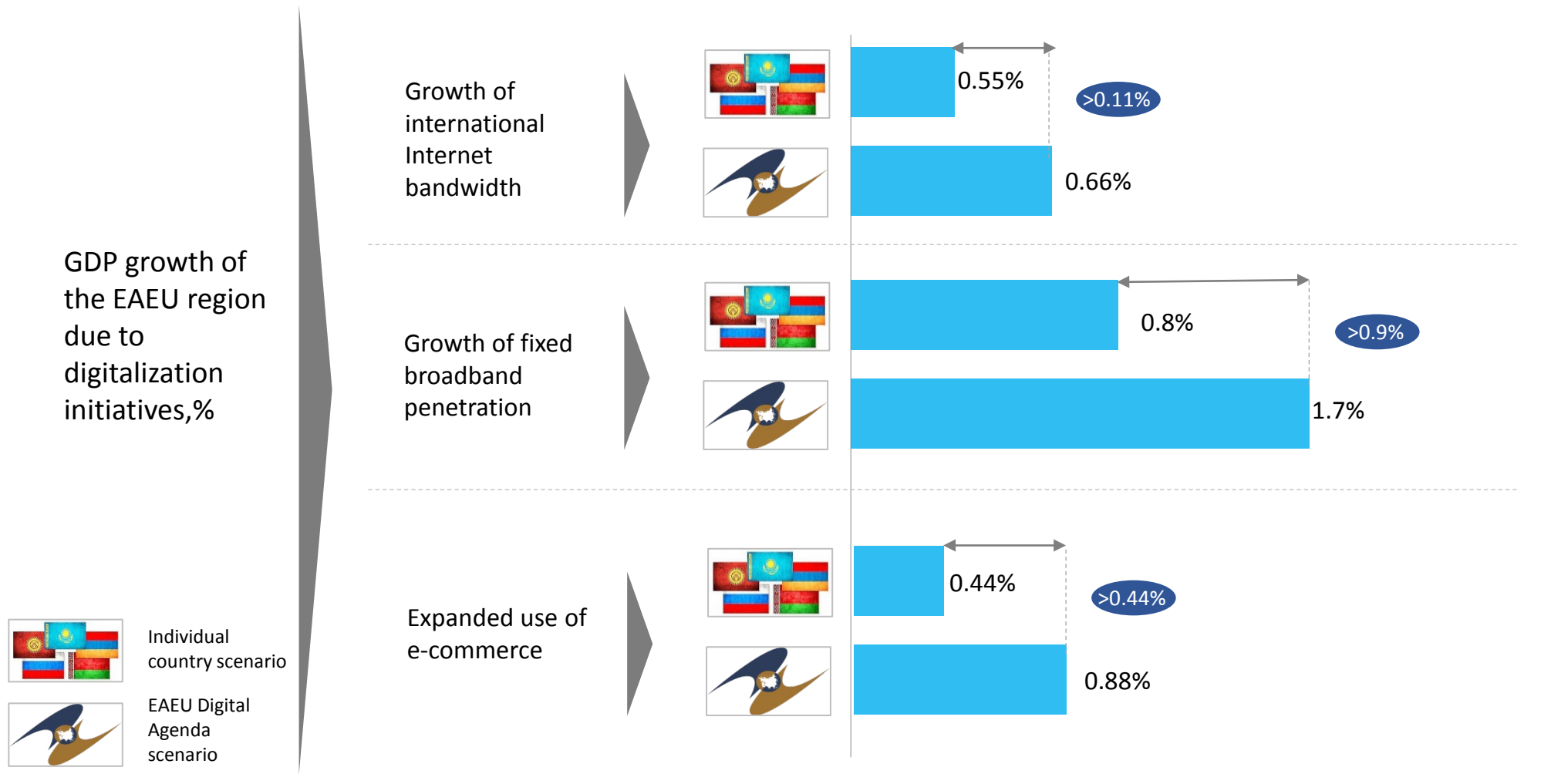
	2019	2024
Fixed broadband (per 100 people) Scenario 1	14	19
Fixed broadband (per 100 people) Scenario 2	14	25
Speed (Mbps) Scenario 1	48	68
Speed (Mbps) Scenario 2	48	100
	Scenario 1	Scenario 2
2020 GDP US \$ billion	\$161.87	
Impact of fixed broadband adoption (%)	0.6%	1.5%
Impact of fixed broadband adoption (US\$ billion)	\$ 0.49	\$ 2.43
Impact of speed (%)	0.2%	0.5%
Impact of speed (US\$ billion)	\$ 0.32	\$ 0.81
Total impact (adoption + speed)	\$ 0.81	\$3.2
Difference (Scenario 2 - Scenario 1) US\$ billion	\$ 2.4	

Economic impact of growth of ICT jobs due to digitalization



Source: State Statistics Committee Ukraine and Eurostat.

Impact on GDP growth (individual vs. regional scenario) for 2018–2025

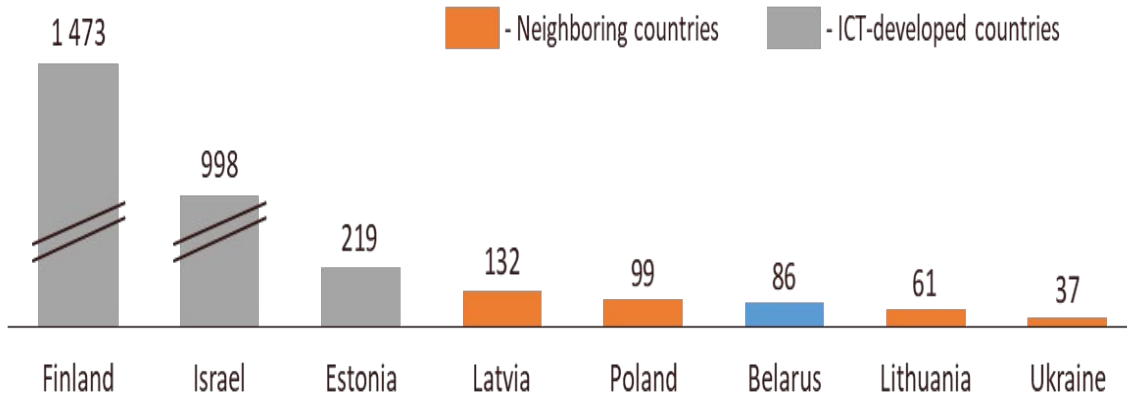


Source: World Bank report for the Eurasian Economic Commission on economic impact of the EAEU Digital Agenda, 2018

Similar challenges: export, employment, salary inflation, access to VC finance

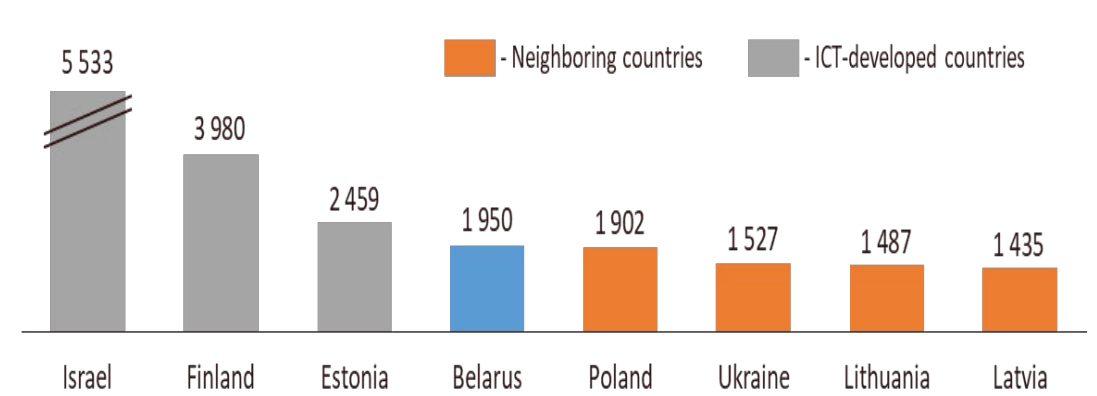


Export of IT-services per capita in 2015, USD



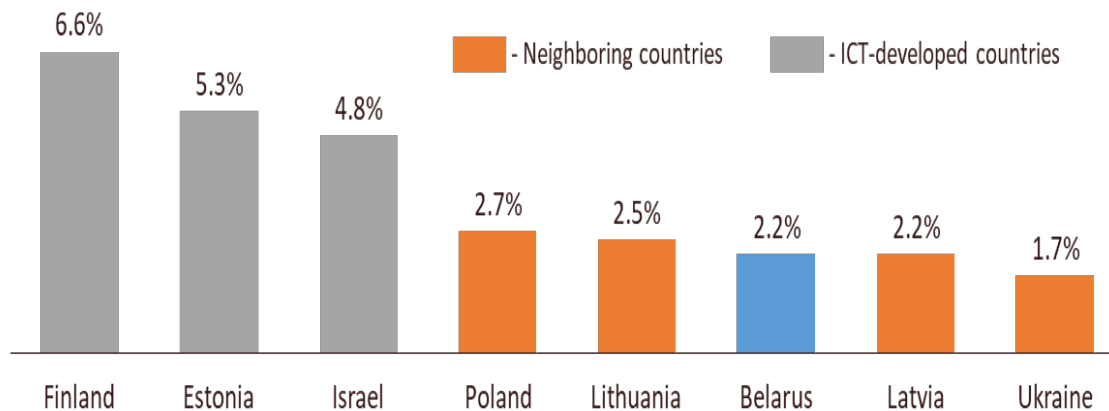
Source: The International Trade Centre, the National Statistical Committee of the Republic of Belarus

Average salary in IT sector (net), USD/month



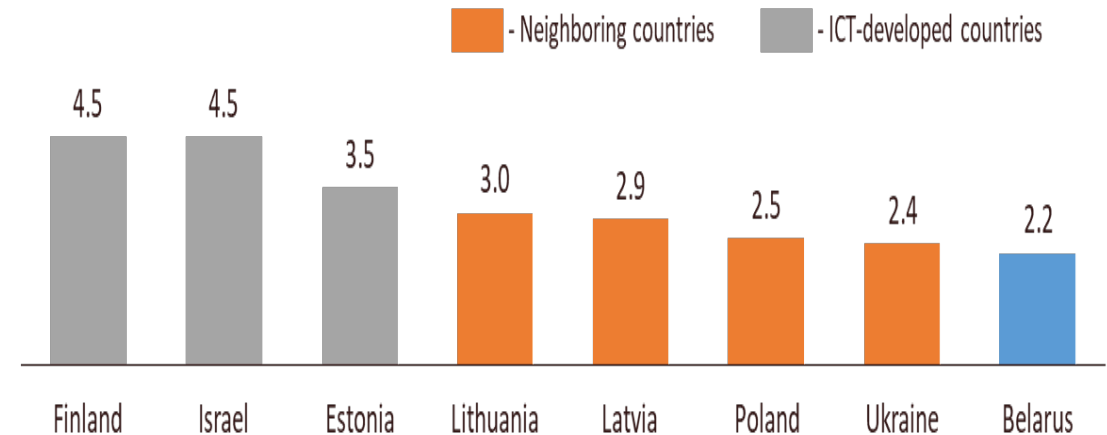
Source: National statistical Committees, PayScale service

Number of people employed in ICT sector as a % of total people employed



Source: Eurostat, National statistical committees of Belarus, Ukraine and Israel, Civitta analysis

Ease of access to venture funding [1 = extremely difficult; 7 = extremely easy]

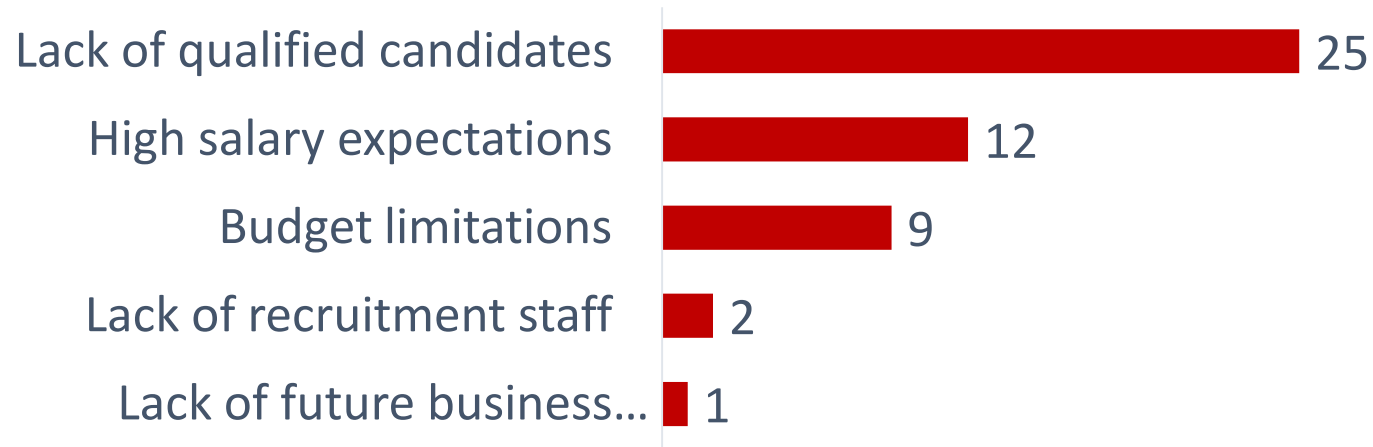


Source: Civitta survey, the World Economic Forum's annual Executive Opinion Survey



Similar challenges: quality of IT skills

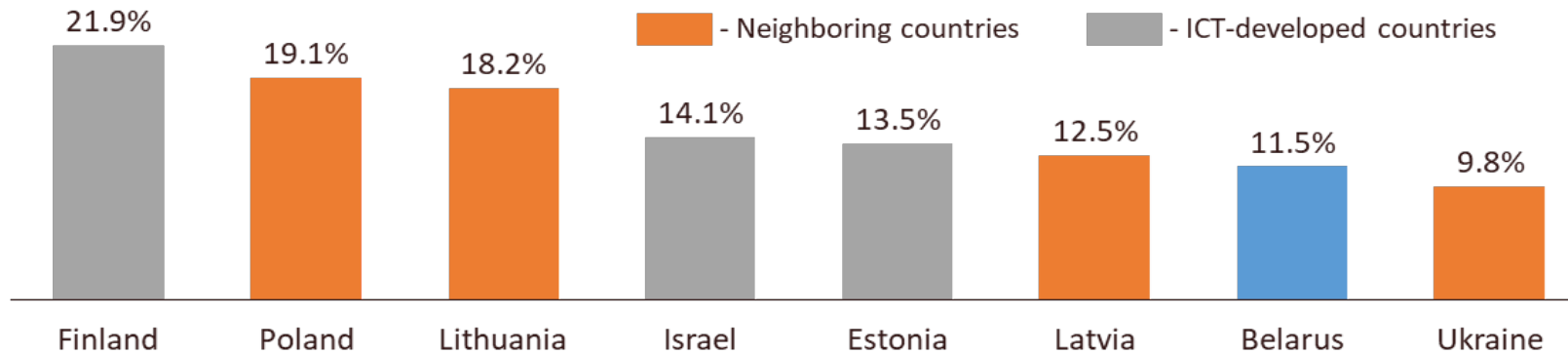
Armenia: Recruitment constraints in IT and Engineering companies



Number of respondents: 29

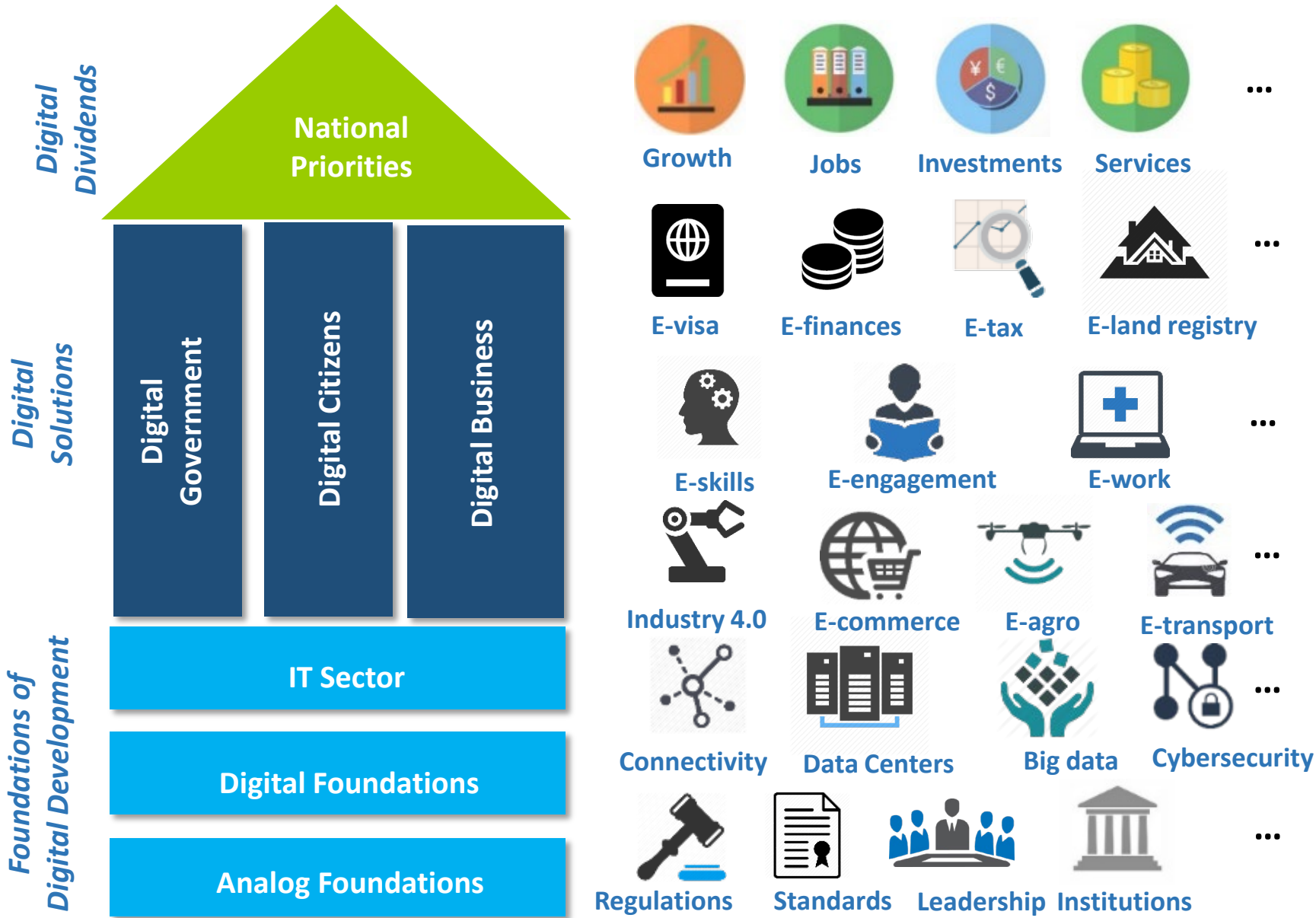
Source: EV Consulting, Armenia, 2014

STEM graduates as a % of total graduates



Source: Eurostat, National statistical committees of Belarus, Ukraine and Israel, Civitta Analysis

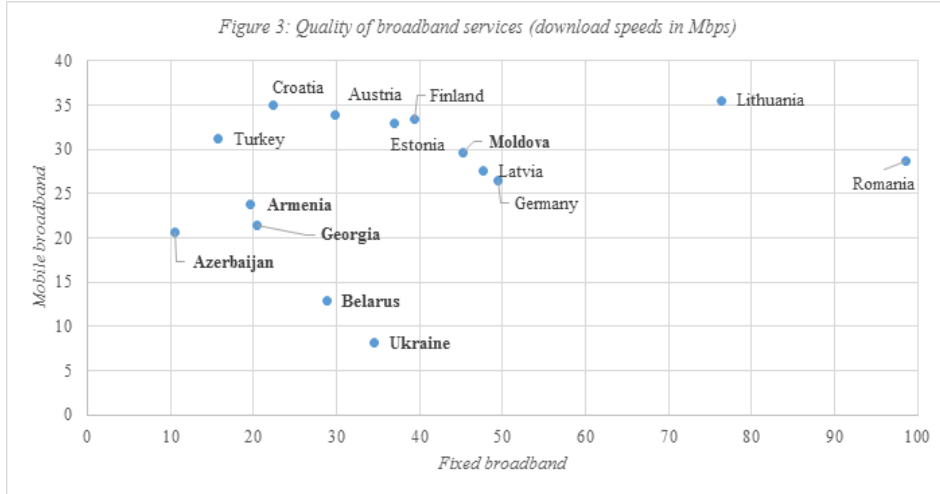
World Bank Digital Economy Framework



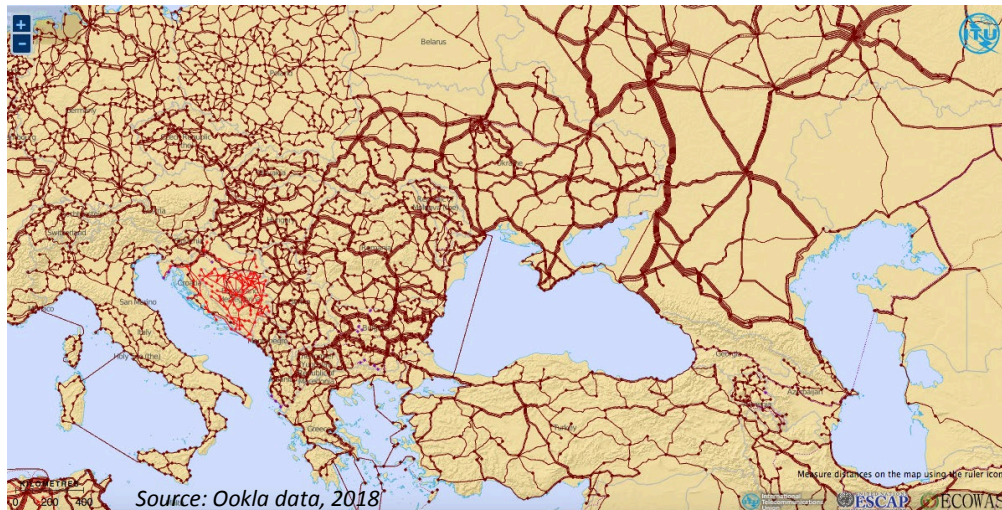


(example) EU4Digital broadband TA: sample preliminary results and approach to broadband strategy development

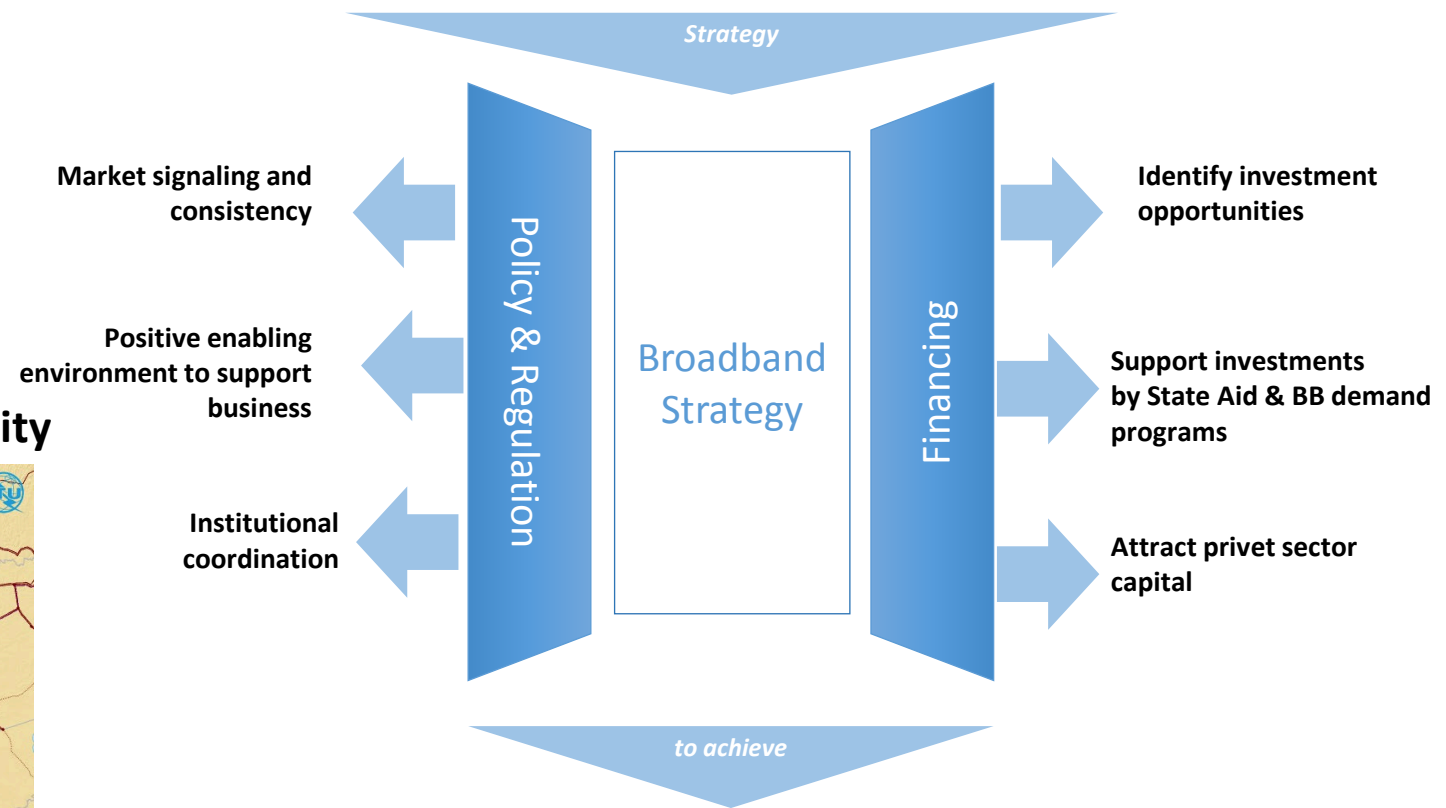
Average broadband speeds are low compared to EU



Domestic backbone networks need more capillarity



Guiding policy objectives
(e.g. increased access, affordability, use)



Specific measurable targets within appropriate timeframe

Digital CASA - Uzbekistan proposed components (~US\$ 300 million)



Component 1. Regional Digital Connectivity Infrastructure

- Improving Regional Connectivity: pre-purchase of international bandwidth
- Bridging the Rural Connectivity gap
- Increasing the security, capacity and reach of the government network «G-Net»

Component 2: Datacenters, Digital Platforms, and Smart Solutions

- G-Cloud
- Digital Platforms and Shared Services
- E-services and Smart Solutions in key sectors (health, agriculture, education)

Component 3: Enabling Environment for the Digital Economy

- Legal, Regulatory and Institutional Framework for digital transformation
- Digital Leadership, Capacity Building and Strategic Communication

Component 4. Digital Innovations and Skills

- Digital Entrepreneurship
- Digital Skills and Human Capital Development
- Digital Innovations; Center of Excellence
- Digital Literacy

Component 5. Project Management

- Project Implementation Unit (PIU) establishment, various operating costs

Digital CASA - Uzbekistan Project under preparation, expected approval in mid-2019

Thank you!

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