

'Towards a connected world' – the socio-economic impact of the Internet

Building Internet infrastructure and access creates new jobs, higher revenues and better social conditions, according to a recent study by the Boston Consulting Group.

Background:

- The ICT industry has established itself as **a major driver of economic growth** and an enabler for the development of other critical industry sectors.
- The next big impact is expected to come from **Internet and data services**.
- To assess this future impact, the Telenor Group commissioned Boston Consulting to do a **study of how the Internet can impact emerging economies**, both economically and socially over the next ten years.
- The study "Towards a connected world" covers three of our markets - Bangladesh, Thailand and Serbia - as cases.

Key findings:

Economic growth

Increased Internet penetration has the potential to generate significant economic benefits: In terms of overall GDP contribution in 2020, the Internet is expected to contribute:

- 2.6 percent in Bangladesh
- 3.8 in Thailand
- 5.2 in Serbia

More jobs

Increased Internet usage will also fuel entrepreneurship: The research suggests that a 10 percentage point increase in Internet penetration is correlated with a 1 percent increase in the annual rate of new business formation. This means:

- 94,000 new jobs in Serbia
- 129,000 new jobs in Bangladesh
- 114,000 new jobs in Thailand

More tax revenues

Over the ten-year period, the internet could contribute:

- 4.6 percent of government revenues in Bangladesh
- 4.2 percent of government revenues in Thailand
- 1.8 percent of government revenues in Serbia

Important social gains

Across all three countries, the Internet is an important infrastructural backbone. Access can improve a number of social areas, chiefly education, health care and rural development, for example:

- **Education:** In remote places, Internet-based self-learning initiatives may supplement conventional forms of education.
- **Health care:** In developing countries, where shortage of doctors is a key constraint, webcams, real-time communication via computers can facilitate health services to more people and increase the number of patients a physician can serve.
- The Internet can also be a valuable instrument in **tracking of disease outbreaks** and in **emergency response** situations.

Challenges – regulatory barriers and awareness

The study has identified barriers which need to be overcome to achieve the socio-economic benefits of Internet access. These are:

- **Regulatory barriers.** Regulatory uncertainty reduces investment. Governments and regulators must ensure that a high quality regulatory regime is in place, i.e. put in place clear and credible long-term plans, a pro-investment, pro-competition regime and a supportive environment for the entire Internet eco-system.
- **Awareness and accessibility.** The general conditions for Internet development must be favourable. Examples include supporting/ cooperating with private players in the rollout of telecentres and promoting computer literacy in schools.

Internet penetration towards 2020

The three countries are at very different stages of Internet development. Provided the right conditions, however, household penetration could increase significantly towards 2020:

- In Bangladesh, from current 2 percent to 32 percent in 2020
- In Thailand, from 21 to 70 percent
- In Serbia, from 31 to 81 percent

Further information about the study

The whole study: ['Towards a connected world' – socio-economic impact of Internet in emerging economies](#)

The brochure: ['Towards a connected world'- socio-economic impact of internet in emerging economies](#)

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Telenor Group:

The Telenor Group is an international provider of high quality tele, data and media communication services with mobile operations in 13 markets across the Nordic region, Central and Eastern Europe and in Asia. Headquartered in Norway, the Telenor Group is among the largest mobile operators in the world with over 160 million mobile subscriptions, revenues in 2008 of NOK 110 billion, and a workforce of more than 40,000 (all numbers include Kyivstar).

Growth comes from truly understanding the needs of people to drive relevant change.