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Russia a Leader in the Information Revolution

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Information and communications technology, a term used for anything from high-speed broadband cables to the latest application, has revolutionized the way the economy works. Business models have been redefined, supply chains have gone global, the workplace has been redesigned, small startups have grown into multibillion-dollar behemoths, and profound changes have rippled through health care and education. Everywhere from Moscow to Marrakesh, new technology has the power to change the nature of work, the economy and society.

As well as helping to make companies and services more efficient, information and communications technology has huge potential to boost growth and create much needed jobs. With the developed world striving to improve competitiveness and the developing world struggling to maintain growth rates in tough conditions, no country can afford to ignore these opportunities. But as the report shows, a digital divide risks hampering this progress.

While some countries have continued to consolidate their leadership in the digital landscape, others still trail significantly behind, with little or no sign of significant progress. The Nordic countries, the Asian Tigers and several advanced economies in North America and Western Europe, such as the Netherlands and Britain continue to lead a ranking of 144 countries that rate their ability to benefit from connectivity. This reflects their high connectivity rates, which in turn boost innovation and competitiveness. In these countries, some 90 percent of households have a computer, which has a knock-on effect on the wider economy.

Russia rose two positions to No. 54 out of 144, overtaking China as the leading emerging economy measured in the Networked Readiness Index, which is compiled by the World Economic Forum in collaboration with the INSEAD business school. This reflected a growth in the numbers of Internet users as well as a spectacular increase in mobile broadband connections, which almost half the population now benefits from.

But looking at more specific measures, Russian e-business development ranked rather low, at No. 107 out of 144, while the political and regulatory framework languished at No. 108, and the business and innovation environment came in at No. 90. These shortfalls sap Russia's ability to fully exploit the benefits of information and communications technology.

For Russia and others, improvements in infrastructure, technologies and skills all need to work together in a coordinated way. Innovations often come about when a skillful labor force gets to experiment with the latest technologies and new materials. It is precisely in this area where one of the biggest difficulties lies for many economies: Creating the right environment for innovation is costly and takes significant time to yield even minimal results.

The relationship between developing a highly skilled workforce and quality infrastructure for information and communications technology and achieving positive economic and social impacts is far from straightforward or linear. The results suggest that there may be a minimum investment threshold in information and communications technology and skill development that any country should undertake to get meaningful results. But once this threshold is achieved, the return on such investment becomes disproportionately higher as the economy shifts towards higher value-added activities.

Governments should be encouraged to adopt the right policies and investment decisions to develop their information and communications technology, while remembering that they may take time to bear fruit. A coherent framework of policies is needed to nurture the kind of innovations that could help us move beyond this economic slump.

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