

# ICT and E-Business Strategies for Development

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## Summary of ‘ICT and Economic Performance’

Matti Pohjola  
Helsinki School of Economics

The benefits from the production and use of information and communication technology should accrue as improvements in productivity and economic growth. But while the use of information and communication technology seems to have had a substantial impact on the performance of the United States economy, the evidence for other countries is much weaker.

There are at least three possible explanations for this apparent ‘productivity paradox’. The most obvious one is the fact that not many countries, other than the US, have yet invested much in ICT. The second reason is that even if they have done so, they may not have invested enough in complementary infrastructure, like education and skills, in order to reap the benefits from ICT investment. Technology by itself is not a solution to any development problem; it only provides an opportunity. The third explanation is the fact that ICT seems to enhance productivity most in service sectors (wholesale and retail trade, banking and finance, business services etc) which may not yet be as developed in transition and developing economies as in high-income countries.

While the adoption of ICT may not be sufficient to obtain the benefits from its use, it is definitely necessary. Policy-makers’ attention should thus be drawn to the determinants of adoption and diffusion. The relative price of ICT and the level of education are the factors that matter most for ICT adoption and diffusion. Training and education are important not only in providing skills for work and production, but also for providing a sufficiently strong demand base for digital or ‘knowledge’ products.

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***NB: presentation summaries are provided unedited as received from the authors and presenters***