



## Chapter I

# Digital Opportunities, Equity, and Poverty in Latin America

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### Abstract

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*This chapter examines the digital divide that exists within Latin American countries. It argues that information and communication technology is creating new opportunities that can be seized to support human development and poverty-reduction strategies. However, it also clarifies that ICT on its own cannot leapfrog the old institutional and organizational weaknesses of Latin American economies and societies. The author hopes that understanding the deep-rooted inequalities that underlie ICT access in Latin America will not only inform researchers on the challenges for the development of the information society in the region, but also assist policy makers in the preparation and implementation of appropriate public policies.*

## Realizing the Human-Development Potential of ICT is not an Automatic Process

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Poverty and inequality represent two enormous challenges for the countries of Latin America. In 2004, about 220 million people—43% of Latin Americans—were poor, and the average incomes of the richest 20% of the population were between 10 (Uruguay) and 44 times (Bolivia) higher than the average incomes of the poorest 20% (Economic Commission for Latin America and the Caribbean [ECLAC], 2005b). The region is considered the least equitable in the world, with vast disparities not only between rich and poor, but also between urban and rural areas, men and women, African descendants, and indigenous and nonindigenous people (ECLAC, 2005a).<sup>1</sup>

In an age where information and communication technology<sup>2</sup> is bringing about profound changes to societies in the developed world—where it is becoming essential for economic success and personal advancement, entry into good career and educational opportunities, full access to social networks, and opportunities for civic engagement (Norris, 2001)—it is thus relevant to analyze whether these technologies can contribute to human development and poverty reduction in the Latin American region, and what the impact on inequality may be.

Consensus exists that the primary task for the countries of Latin America is the transformation of their productive structures in a context of progressively greater social equity. Such a process should make it possible to achieve some of the objectives inherent to development: growth, improvement of income distribution, consolidation of the democratization process, greater autonomy, establishment of conditions that will halt the deterioration of the environment, and improvement of the quality of life of citizens (ECLAC, 1990).

It is also apparent that ICT can be utilized to support human development and poverty-reduction strategies in at least two areas: developing poor people's capacity, mainly by enhancing their access to education, health, and government services, and increasing their opportunities by improving their access to markets and the labor force (Cecchini & Scott, 2003; World Bank, 2000). However, as highlighted by Kirkman (1999, p. 1), translating the potential of ICT into reality is not simple:

*In practice, whether or not a developing country can build an ICT-based economic or social sector depends on overcoming many of the same macroeconomic and microeconomic barriers that have long contributed to its underdevelopment—What is the state of its educational system? How are telecommunications costs regulated? Is there a reliable transportation network? Are there limits on direct foreign investment? What sources of investment capital are there for small or medium sized businesses?...The list goes on and on.*

Indeed, while ICT such as the Internet and mobile phones is growing significantly in Latin America (Table 1), its increased penetration goes hand in hand with the persistent structural heterogeneity of the region's economies, characterized by the presence of a great number of low-productivity firms and workers in the informal sector, as well as with high levels of

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