



## Book Review

### *ICT Infrastructure in Emerging Asia: Policy and Regulatory Roadblocks*

Editors: Rohan Samarajiva and Ayesha Zainudeen

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# Telecom without tears?

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In the early 1990s, I had to wait for nearly six years for my first (fixed) telephone – I refused to pay bribes or use 'connections' to bypass thousands of others on the notorious waiting list. Earlier this year, when I bought an extra mobile phone SIM from Dialog GSM, it took six *hours* for the company to connect it. I found that a bit too long.

How things have changed! Connectivity without (social) connections, and practically off-the-shelf, is now possible in most parts of Sri Lanka. Telecommunications is the fastest growing sector in the economy, recording 47 per cent growth in 2007 (and 58 per cent in 2006). The country's tele-density (number of telephones per 100 persons) jumped to 54 in 2007, from 36 at the end of 2006 -- thanks largely to the phenomenal spread of mobile phones, which now outnumber fixed phones by three to one.

Impressive as these figures are, they tell only a part of the story. It is not by accident that telecom has remained the fastest growing sector in the economy for a decade. This was triggered and sustained by the far-reaching policy and regulatory reforms which ended the then fully state-owned telecom operator's monopoly, and allowed the entry of new players, technologies and business models. Such success could not have been achieved simply by throwing (public or private) money and/or new technology at the problem.

The story behind this quiet, and as-yet-unfinished, transformation is documented and analysed in *ICT Infrastructure in Emerging Asia: Policy and Regulatory Roadblocks*, edited by Rohan Samarajiva and Ayesha Zainudeen (IDRC/Sage, 2008).

One quick – albeit a bit unfortunate – way to introduce this book is that it apparently scared some sections of Sri Lanka's state bureaucracy. When copies arrived from the Indian publisher earlier this year, they were held up at Customs for over three months for no logical or coherent reason. The

editors speculated whether it had something to do with one chapter (among 13) looking at telephone use in Jaffna during the ceasefire, but this was neither confirmed nor denied. It was a stark reminder, if any were needed, of the turbulent settings and often paranoid times in which telecom liberalisation has been taking place in many parts of emerging Asia.

The book has brought together scholars, practitioners, former regulators and policy makers to address the problem of expanding information and communication technology (ICT) connectivity in emerging Asia. It questions the widespread claim that technology by itself - independent of policy and regulatory reform - can improve access to ICTs. By studying recent experiences in five economies in South and Southeast Asia (Bangladesh, India, Indonesia, Nepal and Sri Lanka), it shows that complex 'workarounds' (or shortcuts) are far less effective than doing things the proper way by putting in place the right policies and regulations. Reform is a long and arduous process, and good regulation is a work in progress.

### **Reforms persisted**

Where Sri Lanka is concerned, telecom liberalisation was carried out amidst considerable cynicism and opposition. It started in 1980 when the single government department handling posts and telecom was split up, but it was only in 1989 that the first private telecom license was issued (allowing the first mobile operator in South Asia). The new telecom act of 1991 created the office of the Director General of Telecommunications, the first regulator. This regulator became autonomous in 1997 -- the same year Sri Lanka Telecom was partly privatised.

Unlike in many other sectors, the reform process was not abandoned or reversed by political vicissitudes. The process may not have been text-book perfect, but persistence is already paying off. As the book notes: "Telecom is one of the largest contributors to growth of Gross Domestic Product (GDP) in Sri Lanka. Yet, it draws no public funds whatsoever, contributing significantly to the exchequer. Investments in telecom do not detract from other worthwhile investments, but instead, contribute to them."

This is a unique period in history when more humans are being connected faster than ever before: from 1995 to 2005, phone connections in South Asia shot up seven fold, from 15 million to 110 million. The book acknowledges the accomplishments to date, but argues that doing well is not good enough: China, in contrast, connected more than twice that number in roughly the same period.

Yet, the authors keep reminding us that it's far more than a numbers game. So a key question is 'what could have been?'. "It is clear that connectivity in the unreformed economies has not grown. But at the same time, connectivity in many of the 'reformed' economies has not grown as much as it could have."

## Good governance

In seeking answers to this, the book explores the nexus between good governance and good telecom services, and suggests that both can -- and do -- reinforce each other. In the near future, this could make vested interests and ruling oligarchs of Asia fear the ubiquitous mobile phone more than an assassin's bullet or suicide bomb.

Indeed, the book's most interesting parts are then authors build on recent experiences and trends and engage in some near-term scenario building. For instance, the book takes a long, hard look at the still largely untapped potential to expand telecom services to benefit more individuals, families, businesses and, ultimately, the operators and government (which, in Sri Lanka, currently collects approximately 26 out of every 100 rupees spent on telecom services through a cascade of taxes and levies). Chapter 2 presents the findings of a 3,000+ sample, demand-side survey of telephone use at the bottom of the income pyramid in India and Sri Lanka. This 2005 survey by LIRNEasia -- a Colombo-based, Asian regional ICT research and training organisation -- confirmed that there is great demand for telecom services among the poor.

These findings go against several common, and widely prevalent, misconceptions -- that the poor have no need for telecom services and/or are unable to afford it anyway. For different reasons, both government-owned and privately owned operators have hesitated to serve large numbers of financially constrained market segments. As the book notes, "The rapid growth triggered by lowering of barriers to market entry and competition have extended services to some degree, but even after liberalisation, many at the BOP have remained underserved because of bad policy, poor regulation and unimaginative business plans."

At a time when the telecom industry is scrambling for ways to connect the next billion or two subscribers, it would be outright naïve to ignore the strong evidence base presented cogently in this book. The above mentioned survey revealed how the poor are willing to spend relatively large portions of their monthly income on telecom services to obtain some benefit, like remittances from relatives abroad, or to facilitate a business transaction, or simply keep in touch. This is precisely the kind of empirical evidence that would help emerging Asia to keep rolling out connectivity to all who need and seek it. (LIRNEasia has since done a larger sample survey in 2006 which corroborated and nuanced these findings.)

The book is largely, but not exclusively, based on action research and policy analysis by LIRNEasia. The two editors and dozen contributors are all drawn from emerging Asia. Trained variously as economists, engineers or lawyers, they have been movers and shakers in ICT reform and regulation, or engaged in those processes as researchers or activists. Co-editor Dr Rohan Samarajiva was telecom regulator in Sri Lanka (1998-99), and now

heads LIRNEasia. Harsha Vardhana Singh worked in senior capacities with the Telecommunications Regulatory Authority of India, and is now the Deputy Director General of the World Trade Organisation (WTO).

Having met more than half the contributors over the years, I know that they are practical people, not dreamy academics trying to shape the world to fit esoteric theories. Once, at a regional workshop, I listened to the Indonesian contributor Onno Purbo relate his crusade for free, public access wireless internet in the world's fourth most populous country. I was so fascinated by his exploits in subverting both the bureaucracy and monopolist telecom company that I suggested we should try to clone Onno - all our countries need mavericks like him!

### Next generation

In fact, LIRNEasia has quietly done something akin to this for the past five years: documenting and critiquing the imperfect ICT reforms in emerging Asia, and grooming the next generation of regulators, activists and researchers. Its declared agenda is 'to challenge the ossified orthodoxies that have held back the realisation of human potential in Asia'. This book symbolises its open-minded and evidence-based approach, which contrasts with so much other ICT related writing reeking of intellectual arrogance or bureaucratic pomposity.

Despite being a technical book that addresses complexity out of sheer necessity, the text remains readable, sometimes entertainingly so. Phrases such as 'governance badlands of South and Southeast Asia' sum up our grim reality, conjuring images that we are all too familiar with. The editors have also done an excellent job in cross-referencing across chapters, so that the book reads more than a mere amalgamation of chapters. I would have preferred the graphs to be larger and clearer, but then, this comes out from an academic publisher.

As the editors say, the book is an introduction, not a conclusion, "to a new way of governing, especially in areas that rest on specialised, yet incomplete, knowledge such as infrastructure." It asks more questions than it answers, leaving discerning readers to come to their own conclusions on some issues.

Now that the ICT genie has been set loose, it's impossible to push it back into the dusty lamp of the monopolist past, even under that much-abused bogey of 'national security' (or its new, freshly squeezed version, 'war against terror'). Despite this, the officialdom and its ultra-nationalist cohorts don't give up easily. While this book was in 'state custody', Sri Lankans experienced the first government-sanctioned blocking of mobile phone SMS - ironically on the day marking 60 years of political independence.

Nations and people are both expected to act their age, but alas, Sri Lanka at 60 shows no such signs of maturity. Notwithstanding the endless propaganda emanating from the government's ICT Agency, the country still has many roadblocks to clear on the long and bumpy road to a really dynamic, responsible and well regulated market for ICT services.

Taking this book along as a rough guide could help -- but there is really no substitute for common sense.

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