



Recommendation on the Telecom Master Plan

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About MIDO

- www.myanmarido.org
- Myanmar-based non-governmental organization, focusing on Information and Communication Technology for Development (ICT4D) and Internet Policy.
- Vision: to narrow the digital divide between rural and urban Myanmar, with the application of ICT in socioeconomic sectors with the aim of reducing poverty and promoting inclusiveness.
- Headed by a board of directors, MIDO has full-time and part-time staff, as well as volunteers.
- Conducts nationwide capacity building in ICTs and engages in research with the aim of strengthening the core development goals of Myanmar.

About LIRNEasia

Is a regional organization with the mission on “*Catalyzing policy change through research to improve people’s lives in the emerging Asia Pacific by facilitating their use of hard and soft infrastructures through the use of knowledge, information and technology.*”

Recommendations

MIDO and its mentor-partner LIRNEasia appreciate the opportunity to provide comments on the draft master plan. Greater and better structured opportunities for consultation will improve the outcomes, as we have communicated previously.

- 1.0 Many countries have “branded” their ICT initiatives/programs: Digital India, Digital Bangladesh, e Sri Lanka, and so on. The proposed title is cumbersome. There may be value in selecting a short and catchy title.
 - 1.1 Given the principles of technology neutrality and future-proofing that are well accepted, one wonders about the wisdom of including “mobile-first” in the title. There is little debate about wireless being the dominant medium in the access network. But given the increasing importance of WiFi hot spots and offloading, and possible future

technologies, why lock into mobile? And it is well known that even with services provided by mobile operators, people tend to mostly use them while stationary.

- 1.2 As the urban centers of Myanmar increase in population density, as they must, the importance of fiber-to-the-home (FTTH) and fiber-to-the-building (FTTB) will increase, requiring regulatory action to ensure fair treatment to service providers and end-users by building owners. Having mobile-first prominently displayed in official documents will cause dissonance. It already has because the text includes no language about other technologies including WiFi in the access network.
- 2.0 P. 5. The word “today” does not belong in a document that is to be valid until 2018.
- 3.0 The central problem we see in the draft is the absence of adequate consideration of mechanisms for executing policy. Competition and regulation related policies set by the MICT will be implemented by the to-be-established MCC. But what about those unrelated to regulation (e.g., localization (p. 10); “market-making initiatives” and e-government (p. 25))?
 - 3.1 Consensus exists among experts that success in digitally connecting a nation requires both demand- and supply-side interventions unlike in the case of voice telephony. This is accepted in the text (e.g., p. 10 and p. 33). However, adequate consideration does not appear to have been given to the resources needed to implement the complex and difficult-to-clearly-define activities needed to promote demand. Dedicated funds are needed, either from the consolidated fund of the government or from external sources. Money tends to create authority. In areas such as standards for language localization standards, the deliverables are mostly process and are very difficult to manage. Persons with skill sets that are fundamentally different from those needed to manage network rollout are needed for these “soft” tasks. Ideally, the people with the required skillsets and the dedicated funds would be housed in a specialized unit which may be standalone (as in the case of Sri Lanka, Singapore, Mauritius, etc.) or embedded within a government agency (as in Bangladesh).
 - 3.2 The draft assigns the implementation of e government to intra-governmental (not inter-governmental as stated on p. 33) task forces. This appears to demonstrate a lack of understanding of the challenges of implementing e gov. In reality, e gov is more about re-engineering government processes than about applying ICTs. This generally meets with strong resistance at multiple levels of government, including the political/ministerial level. This kind of resistance cannot be overcome without political commitment at the highest levels. A Ministry at the same level as others, or even lower in relation to some such as Finance or National Planning and Economic Development, is unlikely to be able to drive the implementation. If MICT is to play this role, it is imperative that the signals be sent out very clearly from the President’s Office that it is fully empowered to so act.
 - 3.2.1 In Bangladesh, the implementing entity for e gov is the specialized and externally funded a2i unit within the Prime Minister’s Office.¹
 - 3.2.2 In Sri Lanka, a designed-for-purpose entity controlling USD 83 million known as the ICT Agency² was created under the Prime Minister’s Office and then

¹ <http://www.a2i.pmo.gov.bd/>

² <http://www.icta.lk/index.php?lang=en>

³ Hanna, N.K. (2006). *From envisioning to designing e Sri Lanka: Joining the information services economy*, volume

1. Washington DC: The World Bank.

⁴ E.g., <http://deity.gov.in/content/digital-india-book>

- operated under the President’s Office.³ Several years later, the subject was handed over to an ICT Ministry headed by a Minister known to have the President’s backing. The Secretary to the President continued to provide leadership for the e government initiatives.
- 3.2.3 In India, the Digital India program is led by the Minister in charge of the Departments of Telecommunication (DoT) and Electronics and Information Technology (DEITY). Strong signals have been given that the Minister has the backing and blessing of the Prime Minister.⁴
 - 3.2.4 Pakistan does not have a dedicated unit for ICT promotion at the central level, but such units do exist at the Provincial level, with the Punjab IT Board being the most prominent.⁵
 - 3.2.5 In the Philippines, an Office of Information and Communication Technology has been established under the Department of Science and Technology to remedy lackadaisical progress.⁶
- 4.0 The present draft is confused about the proposed universal service fund (p. 7, p. 33, p. 37, etc.). We believe this confusion and resultant overload of the proposed universal service fund is caused by the lack of a clear position on how to execute the non-regulatory policies set by the MCIT.
- 4.1 One position is that the MCIT will only set policy, not execute (p. 10).
 - 4.2 In another instance its role in executing certain policies is recognized in addition to setting policy: “Whilst achieving structural separation from operations and regulation, MCIT is refocusing its purpose to set vision and policy, coordinate and support Government in ICT, implement security measures to protect Myanmar from ICT-related threats, and carry out special programs to drive connectivity and digital transformation” (p. 31).
 - 4.3 It appears that the Universal Service Fund (USF) is to undertake all or some of the non-regulatory and non-security related tasks.
 - 4.3.1 In one instance, the mission of the USF is narrowly and clearly defined: “The purpose of the USF will be to allocate funds to support connectivity to basic services and high-speed internet in remote areas of the country, where commercial network economics cannot justify the build out alone.” (p. 17).
 - 4.3.2 In another, it is given an extraordinarily broad remit: “The focus of the fund will therefore be both supply- and demand-side. On the supply side, the fund will enable infrastructure expansion. On the demand side, it will foster skills and capacity development for innovation, service creation and usage.” (p. 33).
- 5.0 If MCIT resolves the fundamental problem of how non-regulatory or promotional policy is to be executed, we believe it will be easier to clarify the roles and functions of the USF.

² <http://www.icta.lk/index.php?lang=en>

³ Hanna, N.K. (2006). *From envisioning to designing e Sri Lanka: Joining the information services economy*, volume 1. Washington DC: The World Bank.

⁴ E.g., <http://deity.gov.in/content/digital-india-book>

⁵ <http://www.pitb.gov.pk/>

⁶ <http://icto.dost.gov.ph/>

- 5.1 The draft recognizes the problematic performance of universal service funds: “Myanmar is aware that the worldwide experience in collecting and making effective use of universal service funds has been variable.” (p. 32). But there is no recognition of the finding of the respected Independent Evaluation Group of the World Bank that even when well designed and executed, funds are less effective than competition in achieving equity objectives: “Equity and integration of marginalized groups have been more effectively supported by Bank support for ICT policy and sector reform than by operations specifically designed to achieve these goals. ICT operations that supported reforms to introduce competition into the sector, when successful in supporting those reforms, have had significant impact, especially in access to cellular telephony services. This increase in overall access has had a spill-over effect of providing access to the underserved. Lower tariffs (especially in cellular telephony), falling handset prices, and the expansion of prepaid cellular services are all channels that facilitate access by the poor.”⁷
- 5.2 Operationalizing the above finding, based on ten years of World Bank lending experience, requires that care must be taken to ensure that universal service levies must not harm competitive forces, specifically the budget telecom network model.⁸ In this regard, the statement that such levies will be collected in 2018 (four years after liberalization) only if operator performance is found to fall short (p. 32) is commendable. However, the fact that the operators are in effect being asked to absorb a tax that was intended to be passed through⁹ suggests that mobile-specific additional taxes are already being imposed on what is essentially a merit good. If companies are being taxed, they are in the final analysis paid by consumers. If low prices are a policy objective, as stated on p. 22, it does not make sense to impose sector-specific taxes that will result in price floors being created.
- 5.3 The few cases where USF design has succeeded in preventing slow/no disbursement or the taking of dedicated funds either for general government expenses or for purposes other than intended,¹⁰ the focus has been very good and the deliverables clearly measurable. Demand-side activities reduce focus and accountability.
- 5.4 In addition, it is wrong to tax the users of the basic network and services through their suppliers to fund unrelated activities that various people may believe are needed on the demand side. Demand side subsidies should be provided from general funds or from World Bank or other credits.
- 6.0 Numbering does not deserve the importance it has been given in this document. P. 12 suggests that this may indeed be a typo, since the diagram has five themes, while the text says four.

⁷ Independent Evaluation Group, World Bank (2011). *Capturing Technology for Development*, Para 4.28.

⁸ Samarajiva, R. (2009). How the developing world may participate in the global Internet economy: Innovation driven by competition, in *ICTs for development: Improving policy coherence*, pp. 75-118. Paris: OECD. <http://www.oecd.org/dataoecd/39/15/44003919.pdf> and Samarajiva, R. (2010). Leveraging the budget telecom network business model to bring broadband to the people, *Information Technology and International Development*, 6, special edition: 93-97. <http://itidjournal.org/itid/article/view/630/270>.

⁹ <http://www.mmtimes.com/index.php/business/technology/12473-telenor-absorbs-commercial-top-up-tax.html>

¹⁰ Pakistan provides examples both of effective operation of a universal service fund (up to around 2011) and of ineffective and wrong operation (after 2011): see the writing of the former administrator of the Pakistan Fund: <http://www.piftikhar.com/2015/01/utilization-of-universal-service-funds/>

- 6.1 Further confusion is evident in mobile number portability (a regulatory instrument used to support competition in specific circumstances) not being discussed under numbering, but under content.
- 6.2 Numbers are recognized by the WTO regulatory reference paper as a scarce resource. It should therefore be given the same level of importance as spectrum.
- 7.0 P. 29 and p. 31 indicate a need for greater clarity on the concept of independence. The regulator must be independent of the Ministry and the government that the Ministry represents. But there is no reason for the Ministry to be independent (from whom?); nor really for operators to be independent (except for the incumbent, they already are). If the incumbent has been corporatized, it will act independently, on assumes.

Conclusion

MIDO and LIRNEasia appreciates the opportunity to give comments on the Telecom Masterplan and we will continue to give feedbacks and views on the upcoming ICT/Telecom Policy process with the inputs from the Civil Societies in Myanmar.

Previous Policy Recommendations

Licensing Rules

Mobile Customer Registration

<http://bit.ly/1DzhQ3E>

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