

Session 10: Sustainability of Telecentres



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Sustainability

- Develop a sustainability plan to ensure a steady supply all necessary resources.
- There are several dimensions to sustainability. Telecentres need to sustain;
 1. a flow of finances,
 2. a supply of staff,
 3. reliable equipment
 4. a supply of relevant information services
 5. continuing community acceptance



Financing Telecentres

- Telecentres that are self-sustaining financially have greater positive effects in developing communities, and there are key elements that make Telecentres financially sustainable.
- Incentives to privately-sponsored Telecentres can help them become viable distributors of ICT services for the purposes of development. These incentives generally fall into two categories:
 - i) those aimed at expanding telecommunications infrastructure into under-served areas (rural and remote), and
 - ii) those designed to enhance Telecentre performance for development purposes.
- Many countries are crafting market-oriented reforms intended to privatize and deregulate their telecommunications sectors and to improve access and investment in rural, underserved and un-served areas.
- Among the mechanisms they are implementing to spur private sector investment in the early stages of Telecentre establishment are;
 - license obligations to serve rural communities,
 - minimum subsidies schemes,
 - telecommunications development funds, and
 - variations of build-transfer-operate arrangements.

Multiple Models for Financial Sustainability

- Government
 - Malaysia: two schemes under two ministries
 - Vietnam: 'Culture Points' under Ministry of Info & Comms
- Universal Service Funds
 - Subsidy schemes: Malaysia 'Kedai.com', libraries
 - Least cost auctions: Nepal
- Private sector
 - New entrants: Sri Lanka, with decreasing subsidies
 - Corporations: ITC India – e-Choupal
- Civil Society
 - NGOs
 - CBOs
 - Research institutions



Universal Service Funds

- Universal Access - Governments commit to making affordable basic telephone services available to everyone everywhere within the nation.
- In some cases, the concept has been widened to include other telecommunications-information services, mainly Internet and broadband access.
- Universal Services Funds are typically set up to;
 - Promote the availability of quality services at just, reasonable, and affordable rates,
 - Increase access to advanced telecommunications services throughout the Nation,
 - Advance the availability of such services to all consumers, including those in low income, rural, insular, and high cost areas at rates that are reasonably comparable to those charged in urban areas,
 - Increase access to telecommunications and advanced services in schools, libraries and rural health care facilities,
 - Provide equitable and non-discriminatory contributions from all providers of telecommunications services to the fund supporting universal service programs.
- In developing Asia, means providing access to telecommunications through public access points such as public call boxes, private commercial telephone kiosks, community centres and/or telecentres.
- The rapid spread of mobile phones is making it hard to define under-served areas and to justify the levies that are charged to maintain universal funds.
- Other issues include; who can receive the funds and what the money can be spent on.

Universal Access for Telecentres; Lessons Learned

- Telecentres are not adequate by themselves to build local demand.
- Market failures prohibit access to ICTs in many rural areas.
- Telecentres should not be a primary development goal but should be integrated into rural development strategies.
- Telecentre programmes will be inhibited or facilitated by the national telecommunication market.
- Universal access for telecentres requires strategies that are different from those needed for telephony since the latter usually enjoys immediate demand while the former does not.
- Telecentres are an important part of the access chain but they are easy targets for critics. They often fall short in terms of service quality and cost, which undermines their sustainability. It is easy to do telecentres badly but it is difficult to telephones badly.
- Affordability is still a major barrier to access(for the poor).
- Where telecenters are available and used, they do not always generate economic benefit for their users, or they may not do so quickly enough for their evaluators. Therefore, the presence of ICTs within communities cannot be presumed to indicate development unless there is also evidence of desirable impact.
- Embedding ICT services into existing institutions is one of the best ways of managing costs and promoting sustainability. It can also help maximize the development impact of such services.
- Four factors influence the success of telecentres in achieving universal access and maximizing development potential; i) scalability, ii) sustainability, iii) reach or coverage and iv) ability to meet real needs.
- Universal service goals are best known for their intended expansion of the geographic availability of fixed telephony service.
- However, they contrast with the lack of universal broadband policies directed to villages distant from municipal centres.
- Spectrum management policies can be assigned to the opening up of a competitive space for micro-providers and municipal or community networks.
- regulatory adjustments to the legal framework for spectrum management can be used to stimulate new models of low-cost telecommunications provision services for isolated and/or low populated areas.

Subsidy and Profit

- There are two ways to enhance Telecentre performance for development purposes:
 - grant tax breaks or
 - provide fees for those Telecentres that provide e-government services on their premises, and negotiate with telecommunications companies so Telecentres in rural areas can obtain low cost flat rates for telephone charges.
- When Telecentres are established as part of a scheme that requires local investment, the advantage is that it fosters the entrepreneurship and management skills of local Telecentre operators.
- They need to implement money-making schemes in order to survive.
- Some countries are basing their policies for large scale implementation of Telecentres on such schemes.
- However, the drive for up-scaling and sustainability can itself become a challenge, as it may cause a drift away from a focus on the needs of the poorest.
- Arrangements for financing Telecentres need to find a balance between ensuring financial viability (which may or may not include subsidisation) and equality in sharing the benefits among those in most need of them

The Business of Development

- Telecentres sponsored by the public sector often lack a strategic business plan and a performance evaluation process, running the risk of becoming tools of political propaganda or simply disappearing once the resources from the government are withdrawn.
- In general, private sector-managed Telecentres have shown better performance in terms of achieving financial sustainability (e.g., producing current operational profit).
- There are also many examples where the Telecentre manager's entrepreneurial dedication played a key success factor for Telecentre operations.
- Telecentre managers require a combination of technical, managerial and social development skills that are sometimes difficult to learn spontaneously by local entrepreneurs.

Development as a Business

- When poverty reduction is the objective, charging for services to generate revenues and cover costs may not be considered an appropriate action.
- Most governments, including those of the poorest countries, subsidise services that even the well-off benefit from, and such subsidy schemes are not new. Schools, libraries, fuel, transportation and health services are examples.
- Pressure for financial sustainability in Telecentre projects can force those that succeed to narrow their targeted users to the groups that can afford the services most, typically urban dwellers and the better off.
- Overall, whichever approach to sustainability is adopted, community acceptance of the Telecentre is the most important ingredient to achieve it. In this regard, research reveals the close association between community acceptance and the quality of Telecentre management.

Telecenters for Farmers In Vietnam

- Survey of farmers information requirements (75% of the population is rural)
- Survey of factors favourable to the success of telecentres
- Farmers depend on middlemen
- Information on output market is welcomed
- Agricultural restructuring generates demand for information
- Telephones and loudspeakers are everywhere, but computers and the Internet are not
- Objective: A rural agricultural business centre to help farmers to increase their incomes.
- The Central Help Desk; help telecentres managers find useful information to provide directly to farmers



The Three Pillars of Telecentre Sustainability

1. Social, which is structured along two components:
 - Training of Telecentres' managers in the use of ICT and in the appropriation of different strategies to administer the Telecentres and to participate in other community work.
 - Community participation in every activity related to the Telecentres. Specifically, developing participatory research practices that link the community with the Telecentre's management team.
2. Economic, which refers to the activities that contribute to the financial sustain-ability of the Community Telecentres. The economic pillar of the model is designed around the provision of services for a fee.
3. Technological, which refers to the framework that will ensure the optimum technical functioning of the Telecentre. Two processes are involved:
 - Technical support to prevent or repair malfunctions of the equipment.
 - Technical training of Telecentre managers to develop the necessary skills to diagnose technical problems and to generate local solutions.

A Telecentre Stage Model for Asia

Stage 1 AWARENESS	No telecentres or very few.	Scoping of international experiences	Afghanistan Myanmar Papua New Guinea Timor-Leste
Stage 2 INITIATION	Localised telecentre experiments, mostly NGOs	Seek donor-assisted seed funding for NGOs and academic research.	Cambodia Indonesia Lao PDR Maldives Mongolia
Stage 3 TESTING	Government pilot telecentres.	Establish partnerships with NGOs engaged in awareness raising and innovative projects. Build institutional capacity to re-engineer public services.	Bhutan China
Stage 4 CONSOLIDATION	Expanded pilot telecentre projects with innovative technologies.	Promote community telecentres/projects in rural areas to ensure last mile connectivity. Re-engineer public services.	Vietnam Thailand Philippines Bangladesh
Stage 5 SCALING	Nationwide scale up telecentre programmes.	Explore partnerships with the private sector and encourage telecommunication firms to explore/expand into rural areas for tax rebates. Increase coordination of donors and information flow among donors	India Nepal Pakistan Malaysia Sri Lanka

Questions and Answers