"Is Universal Access Profitable?"

The *Missing Link* report published in 1984, set the early part of the 21st century as a target by when all human beings should have easy access to a telephone. Published by the Commission for Worldwide Telecommunications Development, the report recognized the importance of telecommunications infrastructure for the economic and social development of all countries. But how close are we to achieving the goal of universal access and bridging the digital divide?

According to the International Telecommunication Union (ITU), there are 1.2 billion main telephone lines and 1.3 billion mobile cellular subscribers in the world. But with a world population of over 6 billion, even when allowing for multiple persons per phoneline, we have not yet reached universal access. Especially considering that over 50% of the main phone lines are located within the 29 richest countries.

Providing universal access has, in the past, proved to be near impossible. Often presented by national governments to telecommunication carriers as an obligation, costly implementation of telecommunication infrastructures which reach out to rural areas has meant slow, patchy or no coverage whatsoever. But the recent rate of adoption has soared, leaving room for hope.

Already, the number of main telephone lines and mobile subscribers has doubled in the last ten years[1]. And between 1993 and 2002, mobile users in developing nations increased from 3 million to over 500 million.

The swift and widespread take-up of new technologies has generated progress towards universal access for people as well as profitability for the operators: for example, 75 million short message services (SMSs) are sent each day in the Philippines . The view of universal access has changed in the past few years, it no longer appears as just an obligation. Increasingly, efforts to achieve universal access present themselves as business opportunities, not only for large, corporate carriers, but also for local entrepreneurs and small businesses. From Bangledeshi women selling phone calls on their cellular phones to telephone operators in Uganda, profits are increasingly available.

For this business opportunity to be realized, governments must create the right environment for market growth, or intervene to correct market failures. Using examples of successful, market-oriented policies, policy-makers can harness their efforts for universal access in the right direction.

In the latest edition of the annual regulatory report, the ITU helps countries learn more about how policies, regulations and practices can encourage investment in ICT infrastructure and access to ICT services. ***Trends in Telecommunication Reform: Promoting Universal Access to Information Communication Technologies, Practical Tools for Regulators*** examines how regulatory reform can be used to promote universal access.

Using effective regulatory policies, countries can take advantage of the current environment of widespread market reform and technological tools available to meet their national ICT development goals. Taking Nigeria as an example, the use of mobile phones quadrupled following the licensing of three mobile operators. And in Uganda, the introduction of competition prior to the privatization of its incumbent carrier led to a total network (fixed & mobile) growth of 282% between 1998 and 2001.

---

[1] In 1993, there were 604 million main telephone lines and 34 million mobile cellular subscribers worldwide compared with 1.2 billion main telephone lines and 1.3 billion mobile cellular subscribers worldwide in 2003 (ITU World Telecommunication Indicators, 2003 projected figures).

Mobile services in developing countries — often the first market segment that developing countries have opened to competition — have witnessed a boom in the number of subscribers throughout the developing world. The number of mobile phone users in Africa soared to 28 million in 2003 compared with two million users in 1998. One in five people around the world now has a mobile phone — up from one in 339 in 1991 — and 45 percent of these users are in developing countries. There is every reason to believe the same kind of boom could occur among other services such as broadband and WiFi if they are also opened to competition. Promising new wireless technologies, such as Wi-Fi, can lower the costs of service provision and can also be used to connect rural areas as has been the case in Bhutan.

However, because competition alone may not bring services to all the world's people, ***Trends 2003*** also explores best practices in universal access funds that are used to finance national access objectives in areas where lack of profits would deter the private sector from entering. Colombia invested US $100 million to successfully bring telecommunication services to 3 million people living in rural areas.

The desire to provide universal access — and help bridge the digital divide — is a long-standing goal of the international community. The growth and operation of a vibrant competitive market, coupled with effective regulation, can go a long way toward ensuring universal access. With the advent of new technological tools available, universal access has become attainable in many parts of the world. And for the international community, this means that it may well reach the target set out in the *Missing Link* report.