

Background Paper 3:

PACIFIC REGIONAL DIGITAL STRATEGY

INTRODUCTION

Information and Communications Technologies (ICTs) are universally acknowledged as powerful tools for development. ICTs are not only essential to social development and economic growth, but are critical to the development of good governance. They can also be effective vehicles for the maintenance of security and are vital for sustainable development. In the Pacific, ICTs are the key to ending the ‘tyranny of distance’.

Few inhabitants of the Pacific Island Countries are able to enjoy the benefits of access to telecommunications and the Internet. Those with access are faced with slower speeds and much higher costs than in the developed world. There is also inequality in ICT access, with women, youth and the disadvantaged being amongst the most excluded groups. However, ICTs are significant tools for social and economic empowerment. In order to make good use of ICTs to foster education, health and administration and to improve communications, a rapid expansion of telecommunications and a reduction in their costs is urgently required throughout the Pacific.

The Pacific has problems caused by large distances, small scale and scattered populations and markets, and a low level of investments in telecommunications and human resources. All these problems can be addressed and the development of ICTs accelerated, by selection of appropriate mechanisms for cooperation, market integration and provision of services on a regional basis.

Small and Medium sized Enterprises (SMEs) are a significant and vital sector in the Pacific economy. ICTs have the potential to globally expand the markets for SMEs and shrink their costs, thus removing their isolation-related problems. To utilize this potential requires improved financial access to ICTs, more access to customers within the region, and better legal and financial environments. The ability of people to develop ICTs and use them, at both the business and consumer ends, needs significant improvement.

Telecommunications and ICT make up one of the most dynamic and fast changing technological sectors in the global market. International experience demonstrates that open, competitive markets and stable regulatory regimes, which encourage a vibrant private sector, are essential if the powerful economic and social benefits of telecommunications and ICTs are to be felt.

In this context, Pacific Leaders have requested that a regional Digital Strategy be developed as an essential component of the Pacific Plan.

Numerous studies have highlighted both the potential of, and impediments to, ‘ICTs for every Pacific Islander’. The Communication Action Plan (CAP) and Pacific Islands Information and Communications Technologies Policy and Strategic Plan (PIIPP) have recently made clear recommendations on actions required for ICTs to reach potential in the region. However, countries have been less than successful in following these recommendations due to challenges such as scale, institutional capacity and isolation.

The challenge by Leaders to develop new regional institutional arrangements, through the Pacific Plan and the dynamic technological and commercial environments of the 21st century, offers countries in the region fresh opportunities. They can pool existing resources more effectively and accelerate the introduction of infrastructure that would support the use of ICTs in education, health, trade and commerce, security, governance and meet the social needs of the communities.

The regional Digital Strategy based on the CAP and PIIPP, establishes the following priorities:

- improving access to communications technology
- reducing costs
- establishing higher bandwidth to the global ICT 'backbone'
- removing inappropriate regulatory environments in order to foster higher levels of investment
- strengthening ICT skills

Broadcasting, which simultaneously uses local, regional and global content, has been a largely neglected area of ICTs in the Pacific. Newer technologies, through the Internet, audio streaming, community FM broadcasting and digital satellite radio, offer means to better achieve coverage, improve the content in broadcasting and to improve on independent, traditional and community media. So far, countries in the region have been unable to fully utilize this cost-effective mass ICT with its potential to provide high quality education, health and other services, as well as entertainment. The digital strategy aims to expand the opportunities that convergence and digitalization offer to broadcasting services through private, Non State Agencies (NSAs) and government channels.

In the Pacific, with its range of scale and other diversity, there is a demand for thinking globally while acting locally. The essence of the digital strategy will be identifying those areas where synergies exist – in regulation, market or standards - and promoting regional solutions, while identifying the needs for local action and providing support to local agencies

REGIONAL PRINCIPLES ON TELECOMMUNICATIONS AND ICT SERVICES

Regional principles recognise the above and also that:

- the provision of reliable, competitive and low-priced telecommunication and ICT services are crucial to the sustainable social and economic development of Forum Island Countries;
- the Pacific is hampered by large distances, small markets and scattered populations; and
- Forum Island countries have limited technical capacity.

The following priorities are central to improving the efficiency, effectiveness, provision and sustainability of telecommunications and ICT services:

1. Increased efforts should be made to implement regional, sub-regional or multi-country solutions to problems in the telecommunications and ICT sector through, for example:
 - a) The management of regional public goods such as spectrum;
 - b) Regulatory regimes;
 - c) A regional interconnection regime;
 - d) Harmonized laws;
 - e) Human resources development; and
 - f) Liberalization of the regulatory environment.

2. A central responsibility of government to telecommunications should be in establishing and administering independent regulatory authorities.
3. Telecommunications and ICT services should be open to competition where possible. This includes, but is not limited to:
 - a) Removal of regulatory barriers to domestic and international providers to allow competition in international voice, domestic fixed line, mobile, broadband, data, internet, satellite and other services; and
 - b) Transparent and competitive tendering practices within a well-regulated environment, where it is deemed markets are too small to sustain more than one operator; and
 - c) Removal of regulatory barriers to the unbundling of services.
4. Telecommunications and ICT services should, wherever possible, operate on a sustainable commercial basis, with consideration of the following:
 - a) Where appropriate, this should include corporatisation and/or privatization of government-owned services;
 - b) Where telecommunications and ICT providers remain in government ownership and are required to perform commercial activities, they should be adequately capitalized;
 - c) Service levels should reflect demand and price should reflect the cost of delivery;
 - d) Where subsidies are judged to be necessary to fulfil declared social obligations, these should be open and transparent; and
 - e) Where appropriate, legislated monopolies should be removed with a view to increasing competition.
5. Adherence to principles of good governance is crucial to telecommunications and ICT services. This includes, but is not limited to:
 - a) Accountability and transparency in financial management, strategic planning, investment decisions, awarding contracts and board appointments;
 - b) Clear lines of responsibility for shareholders, boards and management; and
 - c) Accessing and acting upon professional advice, including that given in relation to decisions on infrastructure.
6. Donor support should be provided to Pacific Island Countries and Territories to assist the implementation of telecommunications sector reforms, conditional on a demonstrated commitment to the above principles.

OBJECTIVES

The Digital Strategy recognizes the role ICTs will play in the region's progress in meeting the Millennium Development Goals. It supports the processes outlined in the World Summit on Information Society. It also recognizes that the adoption of the Regional Principles on Telecommunications and ICT Services will help to foster a vibrant, dynamic, market driven telecommunications sector that will encourage private sector participation, infrastructure development and lower-cost services.

The objectives of the Digital Strategy are to:

- a) Encourage policies and regulations that facilitate development of the sector and are appropriate to the people and the cultures of the Pacific
- b) Encourage construction of domestic telecommunications and information infrastructure
- c) Promote a competition-driven environment
- d) Encourage business/private sector investment and participation

- e) Intensify cooperation among member countries
- f) Narrow the gap in information infrastructure between advanced and developing countries and urban and rural areas
- g) Ensure easy access to information through ICTs that strengthens cooperation between stakeholders, fosters good governance, develops the private sector and improves service delivery
- h) Promote full and equal participation of women and other marginalized groups in ICTs through mainstreaming gender and equity perspectives into ICT policy and programmes
- i) Ensure open and non-discriminatory access to public networks for all information providers and users in accordance with domestic laws and regulations
- j) Ensure universal access to public services in telecommunications
- k) Promote creation of local content, which reflects the cultural and linguistic diversity of the region
- l) Ensure the protection of privacy, data security and intellectual property rights including cultural property
- m) Ensure ICTs will be used to inform and connect Pacific Island populations and that they will benefit from flexible and appropriate education and training

STRATEGY

To meet these objectives and realize the potential of ICTs in the Pacific, the approach of the Regional Digital Strategy is based on three Pillars:

Pillar 1 - Country level

The Digital Strategy acknowledges that action must take place at the country level to result in change and that every country in the region is different, not only in demography, geography and socio-economic development, but also in its stage of applications of ICTs. The cornerstone of the Digital Strategy is a strong country focus - acknowledging differences and building on commonality and consensus at the regional level.

An ICT country strategy will develop and sustain strong country leadership of, and stakeholder involvement in, ICT development. ICTs are typically found in the private sector, but their environment is largely created by Governments institutions. This is through: laws and regulations, not only of telecoms but commerce, trade and governance in general; the licenses; uses of IT and e-government; collection of data; and finally, and most critically, in ensuring the human capacity to develop, operate and use ICTs is developed and maintained. The importance of ensuring harmonization between the availability of the tools and the capacity to use them cannot be overstated. E-government, e-commerce or e-training will fail if the rural populations cannot access the Internet or do not have the computer literacy to exploit the potential.

Under Pillar I, a number of programs reflecting the processes necessary to develop ICTs at the national level, but using regional capacity, are identified for development. In addition, bilateral support, which is already in place in many countries, will be promoted by identification of issues, assistance with proposals and, where applicable, development partners' assistance in supporting the activities.

The key programs are:

- *Identification of and support to leaders and development of ICT Steering Committees and other entities (local user groups, interest groups, etc) - to develop policy, plans and*

- programs of activities, ensuring the integration of national ICT plans into sector and Ministry plans and ensuring gender equity in representation on these issues.
- *Development of objectives* - to set key policy parameters.
 - *Development of measures* - to assist in the gathering of statistics and the setting of development targets.
 - *Expansion of telecommunications access to rural and remote areas* - through assistance with establishing Universal Service Funding arrangements, and development of mechanisms to reduce costs of access to the Internet and telecommunications in general.
 - *Particular emphasis on government delivery of health and education services.*
 - *Development of human resources* – through, for example, schools, vocational training and distance education centres, with attention to addressing gender and other areas of inequity in access.

Pillar 2 - Regional level

Regional synergies will be exploited to develop the environment and market for ICTs and overcome the liabilities of scale and isolation. Cooperation in the use of scarce resources in regulatory areas, applications of technology and human resources development will be developed. Opportunities will be taken to harmonize legislation and regulatory environments and to facilitate the introduction of new services.

Arrangements between the various Pacific ICT-related agencies will be critically reviewed to improve interagency cooperation and effectiveness.

The relationship between the public and private sectors in ICTs will be strengthened to ensure the policy, regulatory and support environments are conducive to investments in infrastructure. Relationships between the Pacific Islands Telecommunications Association (PITA), the Pacific Islands Internet Society, the Pacific Chambers of Commerce and the Regional Private Sector Organisation (RPSO) will be strengthened.

In addition, the use of ICTs by regional institutions in the conduct of their business will improve sharing, organizational efficiency and individual productivity. A number of CROP agencies are actively engaged in regional and national ICT activities and the emphasis will be on improving their coordination and promoting regional solutions to support country processes, with particular regard to ensuring the sustainability of the mechanisms put in place.

The key programs are:

- *ICT leadership* - including research, governance, advocacy, consulting, regional planning and coordination, promotion of best practice, equity in representation and statistics.
- *ICT coordination and harmonization* – through e-government and e-commerce templates and regional network issues.
- *Review, development and promotion of interaction and usage of ICTs within CROP and to countries.*
- *Regional approaches to ICT education* - through distance learning and virtual communities and community/traditional media forms.
- *Re-examination of the state of broadcasting in the region* – to upgrade both content and delivery in line with community needs and technologies.

Pillar 3 - Global level

The Pacific region, while having unique attributes, is part of the global ICT community.

Major changes to the global ICT environment are taking place as a result of convergence. Global governance of ICTs is at the crossroads. The Digital Strategy will ensure Pacific ICTs will fully benefit from global initiatives such as the World Summit on Information Society (WSIS), World Telecommunications Development Conference (WTDC) international trade programmes, the Beijing Platform for Action and the Millennium Development Goals (MDGs). It will make provision for the voice of Pacific people to be heard in global technical standards, donor, development and commercial fora. It will identify key mechanisms to ensure that Pacific countries benefit from global information resources and that global communities are aware of the unique issues and needs of the Pacific. Finally, the Digital Strategy will support regional cohesion and recognition of the critical role of ICTs in gender issues and give a voice to, and represent interests of, the wider community.

The key programs are:

- *Representation of unique Pacific issues, needs, attributes to Asia Pacific and global fora.*
- *Monitoring, analyzing and assessing global ICT trends* - to develop them on behalf of the Pacific countries and support their introduction. There will be particular emphasis on disaggregated data and gender analysis to ensure equitable access and implementation.

THE CONTRACT

Implementing the Digital Strategy will be a collective dynamic endeavour between agencies, donors, countries and stakeholders so that focus, energies, resources, and momentum exploit ICTs potential in the Pacific to the utmost. The initial actions will be centred around the following contract but activity is expected to increase rapidly as ICTs spread around the Pacific. It is likely that as ICTs become, for example, the foundation of health or education services, that sector specific activity will accelerate. The initial contract will comprise:

1. **A reaffirmation by the Leaders of the principles and actions outlined in the CAP and PIIPP and a declaration that governments will pursue the roadmap that is contained in these two Regional Agreements.** In turn, the rewards for this commitment to open markets for private sector investment, and to promote, educate and create the environment for ICTs to leverage efforts in every sector of the economy, will flow on to the whole Pacific community, which will be able to use its resources to underwrite the process in a concentrated, cohesive and coordinated manner.
2. **The establishment of a Pacific Islands ICT Council (PIIC) to drive ICT development and coordination.** The Council will include representatives of the present CROP ICT Working Group, PITA, PICISOC, and the users and private sector through the Regional Private Sector Organization (RPSO). The Council will report annually to a meeting of the Ministers responsible for ICTs, that will provide the Council with strategic direction and approve its budget. It is envisioned the members, agencies and donors will share information resources, coordinate programmes underpinned by professional research, coordinate the processes at regional level and provide guidance and a centre for the delivery of regional projects, particularly in policy and governance. While much of the work of the Council will be conducted electronically, and if necessary on an ad hoc basis, it will meet formally twice a year, concurrently with the two major private sector organizations, PITA and PICISOC, to ensure maximum user and private sector involvement. The Council will be guided, particularly in the early stage, by the outcomes of the studies under 3, 4, 5 6, and 7. The Council will be supported by a small secretariat, hosted initially within the Forum Secretariat,

that will provide the regional focal point for ICT matters. The Council will draw on the skills and resources of the CROP Agencies in technology, governance, statistics and commercial skills to sponsor and coordinate assistance to the governments of the region in developing and implementing ICT policies, legislation, regulation and, where appropriate, the regional ICT capacity. The Council will initially be funded by donors, but will aim to attain self sufficiency within three years.

3. **Investigation of the potential for regional solutions in the policy and regulation of telecommunications and ICTs in the Pacific.** This study will identify opportunities to share resources in regulation and progress regional or common legislation, initially in areas such as e-commerce, where the present laws are inadequate. Later, work will be extended into central ICT areas.
4. **An investigation into where and how regional network solutions might be effective in the Pacific.** The CROP WG will join with the PITA initiative to investigate feasible regional satellite options and telecommunications emergency and disaster responses, to ensure that regional security, and national as well as commercial issues are addressed. While connection arrangements are largely a matter for operators, the issue of costs to users and the large capital outlays required for new cable and satellite networks, reliability and bandwidth, are of such regional and national significance that there is a place for a regional role in development of Pacific access networks.
5. **A regional study on the needs and mechanisms to satisfy the huge and increasing gap in Human Resources available to support ICTs in the Pacific.** It will focus particularly on Technical and Vocational Education and Training (TVET), schools (including, most critically, teachers) and users. It will identify common solutions such as Distance Education over the Internet and how the private sector can be supported to ensure high quality and ubiquitous access to ICT education resources. The study will pay close attention to the present ICT capacity, USP's JICA funded IT centre, the recently installed PITA regional training coordinator, new UNDP, UNESCAP, vendor and commercial initiatives in ICT and develop a strategy for ensuring access to all aspects of ICT training is available throughout the Pacific. It will pay particular attention to Open and Distant Learning (ODL) approaches. The study will make recommendations on access, modalities, and quality standards.
6. **A survey to ascertain the status of ICTs in every country and the existence of the foundations for a flourishing ICT sector.** Aspects such as market structure, networks, access, platforms and human capacity will be surveyed, to establish benchmarks and identify needs for country specific support. On the basis of this survey a country specific programme of ICT support will be developed with the agencies. The country specific activities, based on a mutually agreed programme involving obligations on both sides, will then be collectively supported and monitored.
7. **A study to review the state of broadcasting in the Pacific and how new technologies offer opportunities for regional and new national approaches to broadcasting.** Broadcasting is an important cost effective and potentially ubiquitous ICT medium and is under-exploited in the Pacific. New technologies such as satellite radio and digital satellite TV offer potential solutions to reach, coverage and diversity issues in the Pacific. Other technologies such as audio and TV streaming, the internet generally with convergence and low cost FM Stations offer entirely new modes of operation for both private and public sectors. The regulatory regimes, the infrastructure and the content to utilize these technologies is falling behind in the Pacific and is exacerbating the digital divide rather than reducing it.

8. **A concerted effort by the CROP agencies to use ICTs to improve the effectiveness of the Agencies.** The CROP agencies are stakeholders in the broader telecommunication/ICT scene and a powerful example and leader in the installation of networks and services and necessary reforms that are an integral part of the Digital Strategy. They have a responsibility to exercise that leadership in the platforms they select and in the use of technology. The regional agencies will increase their coordination and provide an example to the Pacific Community in the application of ICTs.
9. **The Forum Secretariat and CROP Agencies to promote the use of ICTs** to further the policies and objectives of all economic, social, gender, disadvantaged and political programmes so that the synergies of a Digital Pacific are realized.

NEXT STEPS

The above proposals are being developed, funding requirements examined and ongoing projects will be managed and monitored during 2006. A detailed program for this Strategy will be presented and approved at the ICT Ministers' meeting in the first half of 2006.

The Digital Strategy is an integral part of the Pacific Plan as it addresses a critical resource for the whole Pacific in that the Contract involves commitments from all parties and its implementation requires endorsement of a regional approach.

Initially the Digital Strategy will be the responsibility of the Forum Secretariat, advised by the CROP ICT WG. Once the PIIC is established it will report to the Forum annually through the Ministers. The annual meeting of ICT Ministers will be an opportunity to prepare a 'Report Card' on the Contract at regional and country level and review the potential of regional integration or further regional coordination in the pursuit of the Leaders' Vision and promise of 'ICTs for every Pacific Islander'.