

**A Public Sector Support Strategy for Telecenter Development –
Emerging Lessons from Latin America and the Caribbean**

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Introduction

Telecenters are a way of providing connectivity and computer services to the low-income sector of the population. They enable low-cost access to information and communication technologies (ICTs), by offering shared services within the same premises to the public at large. This report focuses on those telecenters that provide Internet services, since it is this technology that offers new opportunities for distance telecommunication services and applications, and because the management and operation of telecenters that provide Internet connectivity is a more complex undertaking.

If kiosks and small telecenters with only one computer are included in the count, Latin American and Caribbean governments sponsored the installation of over 5,000 telecenters in the past few years. **Plans for 2003-2004** include the installation of an additional 10,000 state sponsored telecenters, requiring an investment of over US\$ 250 million. Argentina has had the most ambitious program, but may soon be overtaken by Brazil and Mexico.

Not all of the centers that have been established are still in operation. In Argentina, for example, between August 1999 and June 2000 a total of 1,281 Community Technology Centres (*Centros Tecnológicos Comunitarios* or CTCs) were installed. A year later, only about 72 percent of these CTCs were still working, and no one knows how many CTCs remain open today. Anecdotal evidence of remarkable achievements under very difficult conditions abounds; but very little is known about the impact that CTCs are having on the communities they serve.

Telecenters are a highly visible, powerful and inexpensive political tool. They generate much fanfare during the early planning and inauguration stages of the programs, but interest in their operation and effectiveness wanes shortly afterwards. Most of the programs that have been established are still young, and this limits data availability. More troubling, however, is that very few programs provide for parallel efforts to collect and analyze data on costs and development impact. From 1994 through 2001, Canada's Community Access Program funded the establishment of over 8,000 telecenters, yet today we know very little about what happened to these centers. The successes or failures of past programs remain undocumented, and politicians tend to start from scratch, hurriedly moving towards the inauguration of the next center.

Notwithstanding data limitations, quite a deal is already known about what works and what doesn't. Ideally a telecenter should increase the welfare of a low-income target population, be relatively easy to replicate and have good prospects of being sustainable. All of these three objectives are important and are covered in this brief note, but it is the last one that is most challenging. The annual operating costs of a telecenter are similar to or even higher than investment costs. **Installing a telecenter is easy; the hard part is to keep it running.**

Emerging lessons

Most State sponsored telecenter initiatives in Latin America and the Caribbean are primarily targeted at inhabitants of small towns in **rural** areas and represent a governmental response to the market's inability to serve rural communities on a purely commercial basis. A few programs have as their target an **urban** mostly low-income population. This is the case of the telecenters sponsored by the Prefeitura de São Paulo in Brazil and of the Amic@s in Asunción, Paraguay. Two other programs - one in Brazil and another one in Chile – aim to serve **small and micro-enterprises**.

State programs have used three main schemes to support telecenter establishment:

- i) direct selection of site and operating institution by the State (for instance, CTC Program in Argentina, Telecentros de Prefeitura de São Paulo and Infocentros in Venezuela);
- ii) minimum subsidy programs, commonly used by Telecommunication Development Funds - Subtel in Chile, COMPARTEL in Colombia, FITEL in Peru;
- iii) investment funds where small local entities compete directly for the subsidies provided by government (Chile – Sercotec – Ministry of Economy; and Brazil - SEBRAE-MDIC-CDI).

Direct selection entails a risk of political meddling in the process, as well as the potential for bureaucratization and squandering of scarce fiscal resources. Minimum subsidy schemes are appropriate wherever connectivity infrastructure development is required, but are limited in their ability to meet the needs of low-income groups. Investment Funds rely more on local institutions and are therefore in principle more suitable to provide for poor populations, but they are difficult to apply where important infrastructure developments are needed. They also call for careful design and implementation arrangements, in order to avoid political interference from compromising the effectiveness of the process of selecting sites and awarding subsidies.

In South America, there are several noteworthy efforts to increase the impact of telecenters on the needy, including:

- i) establishment of telecenters with the dual purpose of serving the school and the community at large (Chile, Guyana);
- ii) support to micro and small entrepreneurs as part of a new telecenter development program (Brazil, Chile) or by expanding the services provided by existing centers (Peru);
- iii) sponsorship of community projects applying ICTc (Brazil, Colombia);
- iv) promotion of community networks to encourage social change (several countries);
- v) use of open source software by the telecenter program of the Prefeitura de São Paulo, and the recently reformulated GESAC program¹ that will cover all of Brazil;
- vi) sponsorship of network formation through the minimum subsidy selection scheme, as applied by Subtel in Chile, to encourage alliances between different sectors of society; and
- vii) use of community radio stations, in conjunction with telecenters and with Internet-aided information exchange networks, as a means of extending services to remote rural communities that are very needy but also expensive and difficult to serve (e.g. in Brazil).

¹ GESAC - Governo Eletrônico - Serviço de Atendimento ao Cidadão.

Basic features of a Telecenter Support Strategy

There are two major phases in the evolution of telecenters in which the State can and should provide support, always with a view to achieving sustainability and high social impact. The first one refers to the initial establishment period and the second one to the consolidation of centers and the enhancement of their social impact. These two phases are not necessarily sequential; they may be implemented in parallel. But, of course, without telecenters in place, the second phase cannot take effect.

The main features that a public support strategy are outlined in the accompanying table and briefly described below.

Establishment

In urban areas with good infrastructure it generally makes no sense to promote the establishment of State-subsidized telecenters. A powerful educational and dissemination campaign on the possibilities offered by the Internet could instead be a very effective means of encouraging the installation of privately run telecenters (e.g. cybercafes, cabinas publicas, locutorios).

It is in rural areas and small towns where State support becomes critical during the initial set up phase. Where the sustainability of a telecenter is questionable, as would be the case of very small, remote, low productivity communities, a support strategy should focus on viable alternatives, including for example the support of rural radio stations. In somewhat larger more prosperous rural communities, where the chances of telecenter sustainability are greater, the kinds of telecenters that can be established will for the most part be small (e.g. say 1 to 3 computers). State support should be based on merit contests, either following a minimum subsidy scheme or the kind of competitive funding more commonly used by community investment funds.

At the local level, the institutions responsible for these centers may be small businesses, NGOs or educational institutions. Local governments can also potentially perform well as administrators, but in practice they are often compromised by political interference to the detriment of sustainability, particularly in poor communities where telecenters have a high profile.

The installation of rural telecenters must also envisage the development of inter-institutional alliances to enable: i) the sharing of connectivity and costs, in order to maximize use and impact, and ii) an increase in the customer base of the center, as the various institutions participating in the alliance encourage their members to make use of the facilities. The State can encourage and nurture these partnerships, but cannot force them into existence. Instead, they will have to be formed voluntarily at the local level by the local partners on their own initiative.

Consolidation

The second phase, during which telecenter consolidation takes place, may be launched simultaneously or shortly after the installation of the centers. We know less about what works for this phase, in part because the programs are new, but also on account of the paucity of data and serious studies on what goes on after the centers have been established.

The kinds of activities that governments may support during this phase - for the benefit of both rural and urban communities - include efforts to reach out to communities and to low income groups, and the provision of government content and services online (see accompanying table).

Concluding Remarks

Connectivity and policies favoring access to marginal areas and an expansion in services to low-income populations are a hot topic. The numerous international gatherings that take place tend to be used by each country to promote their own model and, for the most part, focus on general policy concerns. They are seldom used for deliberate consideration of sound analytical studies, or well documented best practices and lessons of experience, or to discuss options for concerted action on practical matters of common concern.

Many experiments and innovations presently underway in Latin America and the Caribbean are in general well conceived and have good prospects of successful replication throughout the region and even world wide. Regretfully, there is little dialogue and discussion among countries and these experiences are not well known.

What looks promising on paper, may turn sour in practice. Only a few of these programs are providing for serious independent evaluation. They deserve more careful professional scrutiny regarding their impact and sustainability, as an input to an open debate focused on very practical program design and operational issues, with full participation of government agencies, academia, private companies and civil society institutions.

Telecenters: State Support Mechanisms Recommended by Setting

Phase	Intervention type	Urban		Rural (low population density)		
		Good telecommunications infrastructure in place			Poor telecom infrastructure	
		many telecenters already in place	some commercial telecenters in place	Commercial telecenters are nonexistent (financially unfeasible)		
Establishment	ICT literacy campaigns		X	X	X	X
	State sponsored telecenter establishment					
	Minimum subsidy schemes					X
	Investment fund approach				X	
	Partnerships					
	Local sharing of connectivity (to serve telecenters, schools, local authorities, health clinics, NGOs, and small businesses).			X	X	X
	Sponsorship of local partnerships (with schools, libraries, businesses, municipal governments) to enable the provision of public services.		X	X	X	X
Consolidation - Enhancement of social impact	Outreach to community and low-incom groups					
	training grants (to new users, community leaders)	X	X	X	X	X
	proficiency grants (teachers, local service and development agencies)	X	X	X	X	X
	funding of applications and content with high social impact	X	X	X	X	X
	Government content and services					
	microenterprise support	X	X	X	X	X
	online transactions geared to the specific needs of telecenters	X	X	X	X	X
	efforts to increase share of government purchases supplied by microenterprises	X	X	X	X	X
information on project funding opportunities and initiatives	X	X	X	X	X	