

Research → Policy: LIRNEasia & CPRsouth

Rohan Samarajiva

31 July 2012

Business, Society & Law Seminar, Royal Melbourne
Institute of Technology



A reference point . . .

- Telecommunications Policy Review Panel was a three-person committee mandated by the Canadian Minister of Industry in 2005 to review Canada's telecommunications framework
- Included in the TPRP's final report was the observation that, in Canada, a "relative paucity of academic work on what has been referred to as the 'regulatory craft'" has led to "heavy reliance on foreign (mostly U.S.-based) experts on economic, technical and even social regulation".

Research-policy nexus is being debated in US and Europe as well

- Bauer, Johannes M., Sungjoong Kim, Bella Mody & Steven S. Wildman (2004). The role of research in communications policy: theory and evidence. Paper at International Communications Association, New Orleans.
- Garnham, Nicholas, Robin Mansell, Johannes Bauer, W. Edward Steinmueller, Martin Fransman, Jean-Paul Simon, Peter Johnston, Anders Henten, & William H. Melody (2004). Contradiction, confusion and hubris: a critical review of European information society policy by Nicholas Garnham, with comments. Paper presented to EuroCPR 2004, Barcelona.

What light can be shed from experience of ICT policy & regulation think tank active across emerging Asia & Pacific?

LIRNEasia seeks to . . .

- Change policy
- Change thinking among decision makers
 - Activating other actors who can affect policy
- Change the capacity of actors

Types of Policy Influence (Lindquist)

<u>Expanding Policy Capacities</u>	<u>Broadening Policy Horizons</u>	<u>Affecting Policy Regimes</u>
<ul style="list-style-type: none"> • Improving the knowledge or data of certain actors • Supporting recipients to develop innovative ideas • Improving capabilities to communicate ideas • Developing new talent for research and analysis 	<ul style="list-style-type: none"> • Providing policy makers with opportunities for networking or learning within their jurisdiction or with colleagues elsewhere • Introducing new concepts to frame debates, putting ideas on the agenda, or stimulating public debate • Educating researchers and others who take up new positions with a broader understanding of issues • Stimulating quiet dialogue among decision-makers (and among, or with, those involved in knowledge production). 	<ul style="list-style-type: none"> • Modifying existing programs or policies • Leading to the fundamental re-design of programs and policies • Helping create a new policy regime in an emerging field.

← Time required increases

How do we intervene in the policy process?

- Through presentations to policy makers
 - [Policy Briefs]
- At expert fora and dissemination events that we organize
- At conferences & events that policy makers, regulators and stakeholders attend
- By means of interventions on draft regulations and consultations [Rapid Response Program]
- Through media interactions and Op-eds intended to modify the “symbolic universe” of actors [also under RR program]
- Through training programs
- By building capacity among junior- to mid-level aspiring policy intellectuals [**CPRsouth**]

LIRNEasia's efforts to change policy

Examples of successful engagements with policymakers & regulators (not all were successful)

India

- Changing universal service policy

Sri Lanka

- Rolling back regressive tax on mobile charges

Indonesia

- Lowering leased-line prices

Bangladesh

- Contributing to rules on broadband quality of service
- Modifying terms of mobile license renewal

USO in India

- Regulation and Investment Paper, Sept, 2004
- LIRNEasia responded to Telecom Regulatory Authority of India's Consultation Paper 16/2004: Growth of Telecom Services in Rural India: The Way Forward, Oct 2004
 - Key recommendations –
 - Extending Universal Service financing to mobile
 - Infrastructure sharing
- Early USO research presented at Expert Forum attended by TRAI Secretary Rajendra Singh in Sept 2005; draft paper went to TRAI before that
- *Indian Express*, op-ed - Rural telephony: TRAI got it right finally!, 31 Oct 2005
- Conversations with Shanthanu Consul, administrator USF, DoT at ITU Telecom World; Dec 2006, Jan 2007; formal presentation in March 2007

Consultation Paper 16/2004: Growth of Telecom Services in Rural India: The Way Forward Comments by LIRNEasia

I. Responses to questions in Chapter 7

- Q1. This consultation Paper has discussed various issues related to Growth of Telecom Services in rural areas. Please give your comments on them and suggest any additional point to achieve higher growth of telecom services in rural India.
- A1. Please see following commentary on the Consultation Paper.
- Q2. Should 'Niche Operators' as discussed in this Consultation Paper get a support from Universal Service Fund?
- A2. Yes. Please see para 6 of the commentary on the Paper.
- Q3. Instead of subsidizing final product, should the subsidy be given on inputs like Bandwidth and spectrum charges?
- A3. No. It is best that a uniform system be enforced, with transparent, output-based subsidies implemented independently.
- Q4. In this paper it has been proposed that telecommunication facilities capable of offering multiple services including telephony using modern wireless technologies for access offer a near self sustaining model in rural areas which can be implemented through subsidization of input costs from Universal Obligation fund. Do you agree with this proposition? Offer your comments.



You are here: **IE** » Story

Rural Telephony



Payal Malik

Posted: Oct 31, 2005 at 0002 hrs IST

TRAI has recently come out with its recommendations on Growth of Telecom services in Rural India (www.trai.gov.in). It is an insightful attempt to address the anomalies of the current universal service obligation (USO) regime for the provision of rural telephone subsidy. In this article I describe the main lacunae of the current USO policy and outline how TRAI's proposals ameliorate these flaws; the interested reader is directed to an independent research study that reviewed the current rural telephony subsidy mechanism (www.LIRNEasia.net).

This study analysed (1) whether the current USO scheme implies the least possible distortion to an

USO outcomes

- TRAI recommendations on Growth of Telecom Services in Rural Areas (October 2005) reflected LIRNEasia recommendations
- DoT floated the idea of permitting mobile operators to bid for USO subsidies, August 2, 2006
- USO Auctions for creation of mobile infrastructure and sharing of passive infrastructure so created, March 14, 2007

Not all interventions succeed . .

- Subsequent efforts to phase-down 5% USO levy did not, despite USD 4 billion + accumulating in Indian USO Fund

Regressive mobile tax in Sri Lanka

The screenshot shows the LBO website interface. At the top, there's a navigation bar with 'LBO Home', 'IndoChina', 'About Us', 'To Advertise', and 'Contact Us'. The main content area features an article titled 'Choices: Goose or eggs?' by Rohan Samarajiva, dated 03 Sep, 2007. The article's sub-headline is 'Taxing Sri Lanka's mobile customers'. The text of the article is partially visible, discussing the necessity of taxes and the choice between taxes and inflation. To the right of the article, there's a 'Hotline' number: 0773142356. The website also has a sidebar with various categories like Economy, Finance, and Services.


- Newspapers reported LKR 50 tax to be imposed on every SIM on 3 Sept 2007
- LIRNEasia CEO framed the issue, drawing on demand-side studies, in his regular column; goes on TV
- Then Minister of Telecom reached out for more detail & moved floor amendment
- LIRNEasia research quoted in Parliament by Opposition spokesman

මේ වාගේ බඳු පනත් කෙටුම්පත් ගෙනෙන්න අද දැන්සාහ කරනවා. LIRNEasia කියන පර්යේෂණ ආයතනයේ මහාචාර්ය රොහන් සමරජිව මහතා සහ දොස්තර හර්ෂ ද සිල්වා මහතා රුපියල් 50 ප්‍රතිපායන බද්දට විරුද්ධව ඊරියේ, පෙරේරා කාමා කළා. එක්සත් ජාතික පක්ෂයත් මෙම හර්ෂය දිගට ම ගෙන ගියා. අද භවය වන විට ගරු ඇමතිතුමා රුපියල් 50 ඉවත් කරනවා නම් අප සතුටු වනවා. සියයට 10ක වැඩි කිරීමත්, ඒ කරමි ප්‍රමාණයක් දක්වා වැඩි නොකර අඩු කරන්නය කියා අප ඉල්ලා සිටිනවා. මොකද, ඒකෙන් වදින්නේ සාමාන්‍ය මිනිසාටයි.

Anatomy of a regressive tax

	+General tax	pre-2007	Proposed		Revised	
Value	+17.5% VAT & SRL	+2.5% MSL	+7.5% MSL & 50	Tax as % of value	+10% MSL	Savings
200	235	241	303	51.3	259	-44
400	470	482	555	38.8	517	-38
600	705	723	808	34.6	776	-32
800	940	964	1061	32.6	1034	-27
1000	1175	1204	1313	31.3	1293	-21
1200	1410	1445	1566	30.5	1551	-15
1400	1645	1686	1818	29.9	1810	-9
1600	1880	1927	2071	29.4	2068	-3
1800	2115	2168	2324	29.1	2327	3
2000	2350	2409	2576	28.8	2585	9

Range of Prepaid ARPUs



Relative winners



Losers



Subsequent developments

- Mobile levy extended to Fixed
 - LIRNEasia had called for technology neutrality
- Additional mobile-only taxes imposed, taking around 32 cents of every Rupee
 - Despite strong interventions by LIRNEasia, including challenging politicians to media debates
- In 2010, all telecom-specific taxes and Value Added Tax were replaced by a single 20% tax, reducing tax burden on consumers but increasing that on operators slightly

Leased line prices in Indonesia

LIRNEasia research showed that ***“Indonesian leased line prices were 48 times that of India!”***

- Findings presented to Indonesian government & media in July 2005
- Results carried by multiple media outlets and picked up as a meme
- Results used by MASTEL and Internet Service Providers Association to lobby network operators for lower leased line prices
- Operators reduce prices prior to & after regulatory action

Rabu, 26 Oktober 2005 Halaman Utama Kolom Forum Tentang Kami Info Arah Hubungi Kami

Warta Ekonomi APLIKASI Matrix ?

Kamus Bisnis Hari Besar Iklan Baris Life Style E-Gov Event & Agenda E-Company Jendela Daerah

Lang Polling Berhadiah Edisi September 2005 Karyo Kardono Handoyo - xxxxxx@yahoo.com Michael Wijaya - xxxxxx@yahoo.com

Telkom dan Indosat Membuat Tarif Internet di Indonesia Mahal

0 Tanggapan

Rabu, 26 Oktober 2005 11:15 WIB - wartaekonomi.com

Tarif internet di Indonesia tergolong mahal. Ini membuat penetrasi internet di Indonesia menjadi rendah. Demikian hasil riset Lime Asia (lembaga penelitian yang berpusat di Denmark) yang menyoroti penetrasi internet di Indonesia. Hasil riset ini dipresentasikan dalam diskusi bertajuk "Networking Meeting Workshop" yang diselenggarakan oleh Masyarakat Telematika Indonesia (Mastel), Sabtu (1/10) lalu.

Rohan Samarajiva, direktur eksekutif Lime Asia, membandingkan mekanisme penetapan tarif internet di India dengan di Indonesia. Di Indonesia, untuk koneksi internet bergerak dua kilometer dan operator dikenakan tarif US\$18.000 dolar per tahun, sedangkan di India hanya US\$3.760. Untuk jarak 200 kilometer, Indonesia mematok biaya US\$45.000 per tahun, sedangkan di India hanya US\$7.603. "Ini berarti tarif di Indonesia lima kali lipat dari India," ujar Samarajiva. Untuk tarif internasional, pengguna internet di Indonesia harus membayar US\$108.000 per tahun. Bandingkan dengan di India yang hanya US\$29.000.

Caril Artikel

Arsip Berita

- Rabu, 26 Oktober 2005 10:09 WIB **Sony Ericsson Kuasai 30% Pasar Ponsel Low-End** 0 Tanggapan
- Selasa, 18 Oktober 2005 09:01 WIB **Abror Mist Masuk Indonesia** 0 Tanggapan
- Senin, 17 Oktober 2005 08:59 WIB **BI Terbitkan Pecahan Baru Rp50.000 dan Rp10.000** ★★★★★ 0 Tanggapan
- Jum'at, 14 Oktober 2005 08:58 WIB **Panggilan Darurat dari Samsung** ★★★★★ 0 Tanggapan

Kliping

Tanggal : 26.1. Sept. 1. 2006

✓Bisnis Indonesia *Kompas *Koran Tempo *Lain-lain.....

Penyelenggara Internet keluhkan tarif sewa jaringan

Oleh Aurf Prtyo
Bisnis Indonesia

JAKARTA: Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) mendesak penyelenggara jaringan untuk menurunkan tarif sewa jaringan (*leased line*) agar dapat berkompetisi secara sehat dalam menyediakan jasa Internet ke pelanggan ritel.

Yang dimaksud penyelenggara jaringan adalah perusahaan yang menyelenggarakan jaringan telekomunikasi lokal, jaringan tertutup, jaringan seluler, dan jaringan satelit yang juga mengambil jasa multimedia seperti PJJ.

Teddy mengemukakan sebaiknya penyelenggara jaringan telekomunikasi tidak ikut meniplakan bisnis penyedia jasa

Bangladesh broadband QoSE

- LIRNEasia tested Quality of Service Experience (QoSE) of broadband connections in BD, IN, LK and published results
- Responded to consultation paper on “Broadband Wireless Access Services” in August 2009
 - Operators should guarantee QoSE not within ISP only, but till first entry point to US ✓
 - Operators should publish contention ratios ✓
 - Assurance at launch is inadequate; QoSE should be regularly monitored ✓
 - “Broadband = 128 kbps +” definition should change

Bangladesh mobile license renewal

- LIRNEasia responded to draft guidelines on mobile license renewal by BTRC in Feb 2011
 - Challenged most elements including differential fees for CDMA and GSM and license renewal terms as being not based on evidence
- Op-ed questioned the role of think tanks in policy
- LIRNEasia responded with op-ed in leading daily in June 2011
- Another op-ed by LIRNEasia in August 2011 focused on opaque “utilization factor” later renamed “market competition factor”

Comments on Draft Regulatory and Licensing Guidelines for Issuing Renewal License to Existing Mobile Licensees for Establishing, Operating and Maintaining GSM/CDMA Cellular Mobile Telecommunication Services in Bangladesh

Submission by LIRNEasia; www.lirneasia.net. LIRNEasia is a regional ICT policy and regulation think tank active across the Asia Pacific based in Colombo, Sri Lanka. Please contact Harsha de Silva, Ph.D., Consultant Lead Economist ([harsha\[at\]lirneasia.net](mailto:harsha[at]lirneasia.net)) for any clarifications.

The current licenses of Grameenphone, Banglalink, Axiata and Citycell are to expire in 2011. It is in this background that BTRC has developed draft license renewal guidelines. The process is already delayed and is likely to have depressed investment because of the uncertainty. Thus it is best that any and all submissions on the said draft are considered and the guidelines finalized at the earliest to reflect economic efficiency and transparency. It is equally important to send out a clear signal to the world that principles of good governance have been and will be applied in the sector as large foreign investments are required to achieve the stated objectives of Digital Bangladesh. In other words investor confidence is vital. Our views, highlighting efficiency, transparency and good governance, on selected important sections of the draft guidelines are as below.

1. **Duration of License:** While the initial renewal for 15 years is good and is corresponds to generally accepted practice the reason to restrict the subsequent renewal for just 5 years is not clear. Given investments in telecoms are long-term in nature the 5 year period is too short. Short license periods negatively distort investment behavior. It would be ideal if license renewal procedures are stated upfront so that

Sunday, August 14, 2011

Business

Spectrum: High price for big players
Eliminate the “market competition factor” and consumers will be best served



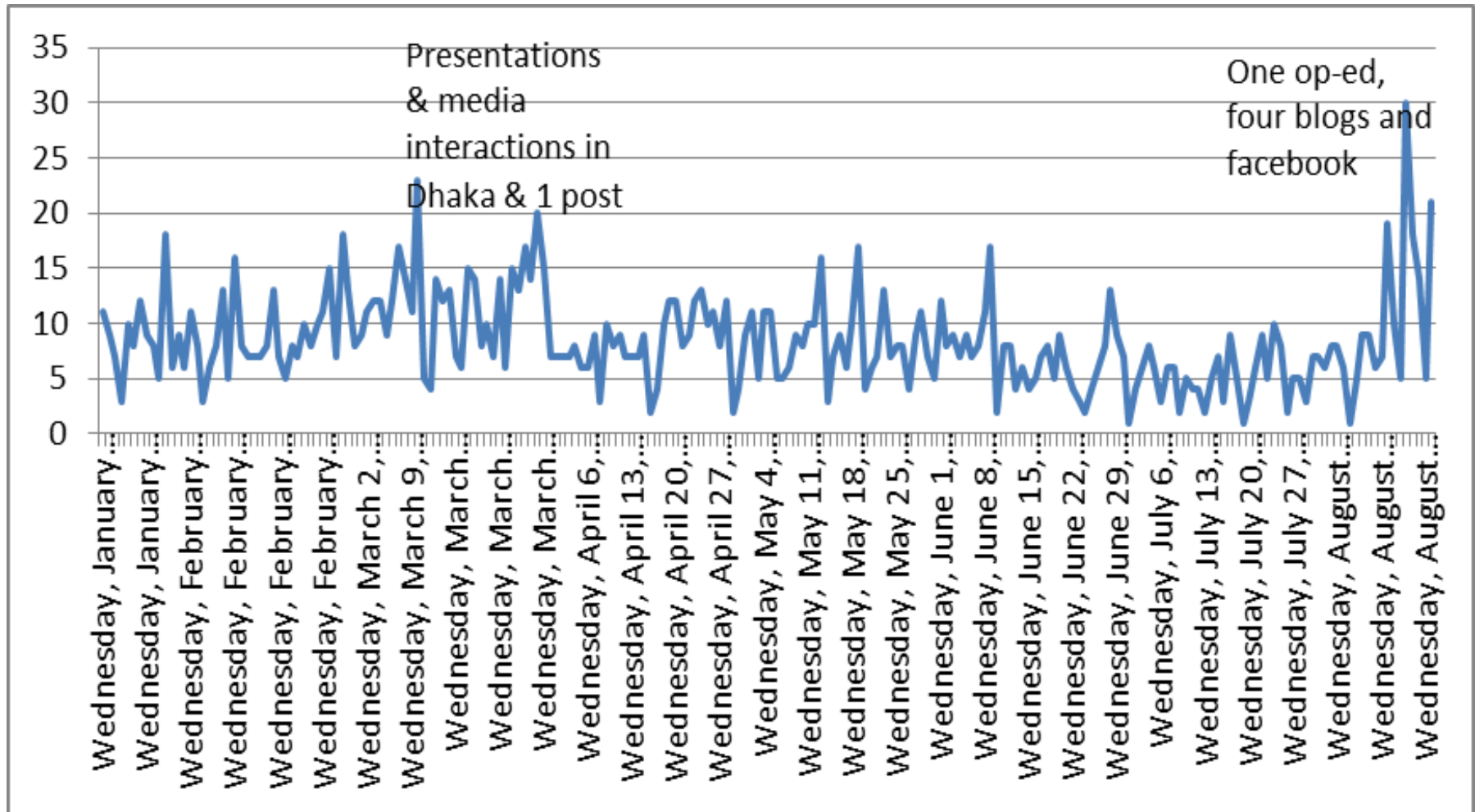
Rohan Samarajiva

The mobile licence renewal drama has moved closer to denouement with the announcement that Grameenphone, Banglalink, Robi and Citycell will be charged Tk 150 crore (roughly \$20 million) per MegaHertz (or unit) of spectrum. Based on the per-MHz charge only and assuming coupled spectrum, a larger operator using 20 MHz will pay Tk 3,000 crore (\$400 million), while another using only 15 MHz will pay Tk 2,250 crore (\$300 million).

Relevant blog posts, including links to op-ed articles and responses to consultations, to accommodate media/stakeholder pull

Beware market share greater than 20 percent (on a particular day in a particular year!)	18 August 2011
Same spectrum; different prices	15 August 2011
“Market competition factor” is anti-consumer	14 August 2011
Peculiar pricing of spectrum	10 August 2011
License renewal and Digital Bangladesh	1 June 2011
Positive signals on license renewal	13 April 2011
Peculiar economics of Bangladesh license renewal	24 March 2011
LIRNEasia responds to BTRC’s call for comments on renewal of mobile services	9 February 2011

Google Analytics on visits from Dhaka (95% of BD visitors) to LIRNEasia website



At the end of the process . . .

- Total amount extracted from operators declined to 54% of what was expected at the start
 - When draft guidelines were published it was BDT 140 billion (USD 2 billion)
 - End number was BDT 75.6 billion (USD 1 billion, roughly), inclusive of Market Competition Factor
 - More or less in line with Pakistan's 2004 license+spectrum auction
- Ratio between payments from largest operator and the smallest of the four up for renewal was 7:1 in December 2010; at end point it was roughly 5:1 (same license; more or less same amount of spectrum)
 - Attempts to remove bias against GSM and size only partially successful

What can be learned?

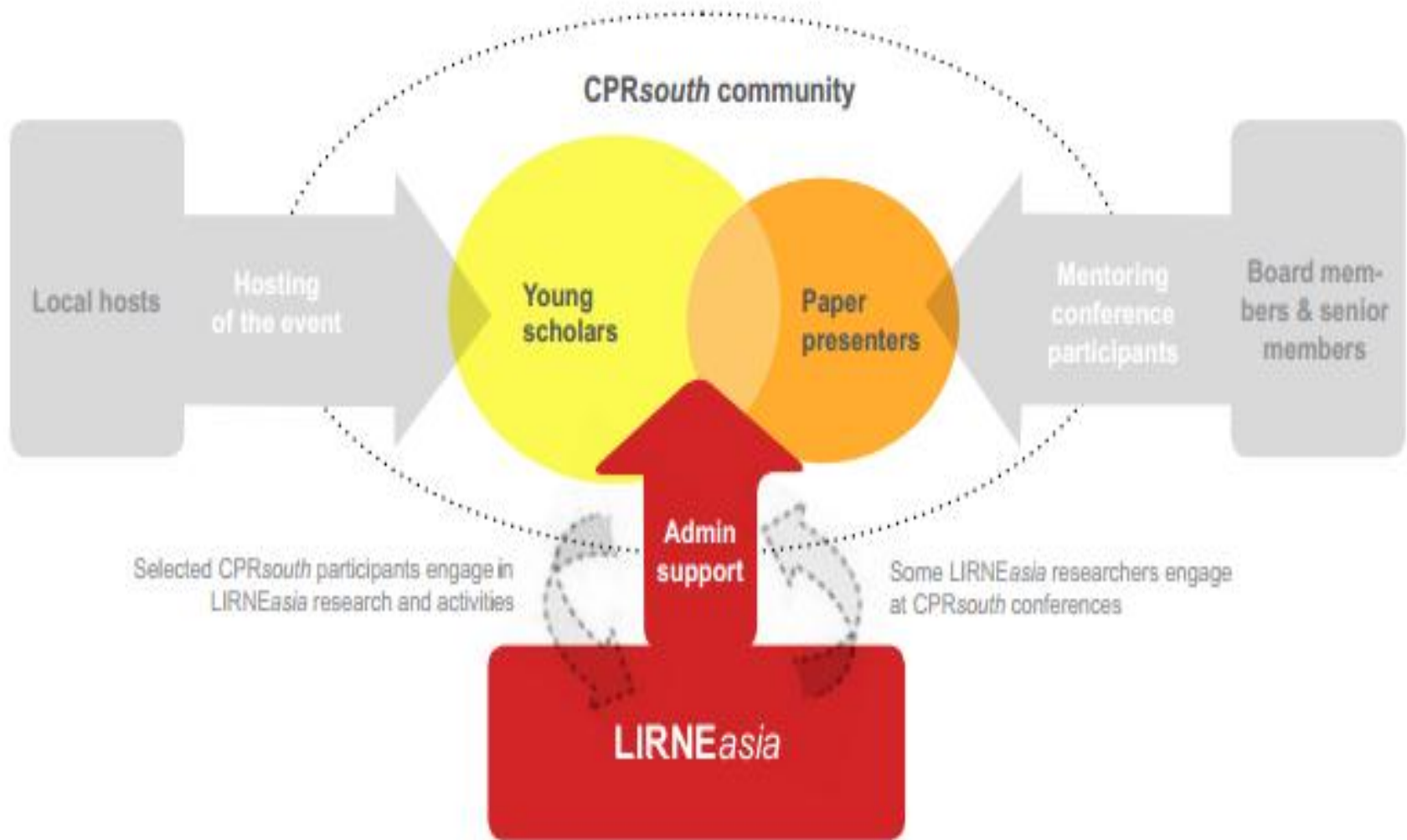
- Matching supply and demand for policy research
 - Do the reward systems of the academy mesh with what policymakers & regulators want?
- Having research ready for when policy windows open
 - Is the academic production cycle conducive to this?
- How can new media be used in both push and pull modes to increase access to research?
- Is the research → policy nexus fundamentally different in developed & developing countries?

***CPRSOUTH*, LIRNEASIA'S PRIMARY
CAPACITY-BUILDING INITIATIVE**

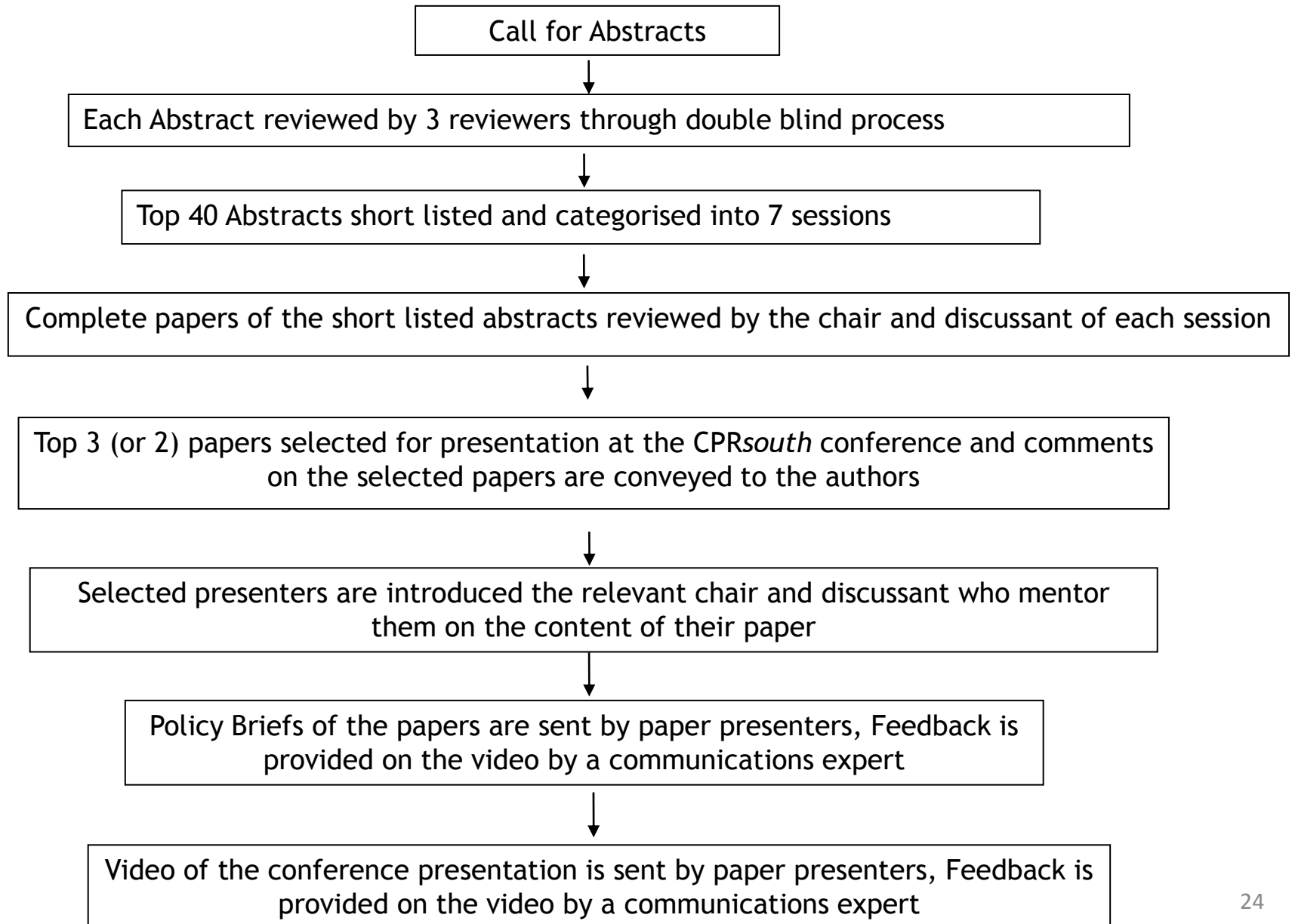
Objectives of CPR*south*

- To facilitate the creation, sustenance and continuous advancement of policy intellectuals capable of informed and effective intervention in ICT policy and regulation processes in specific country and regional contexts in the south, broadly constituted by the Asia-Pacific (AP), Africa (AF), Latin America and the Caribbean (LAC), the Middle East and North Africa (MENA) and Central Asian regions (CIS).
- To develop capacity, stimulate interest, and promote research and systematic study in information and communication technology (ICT) policy and regulatory issues in the south

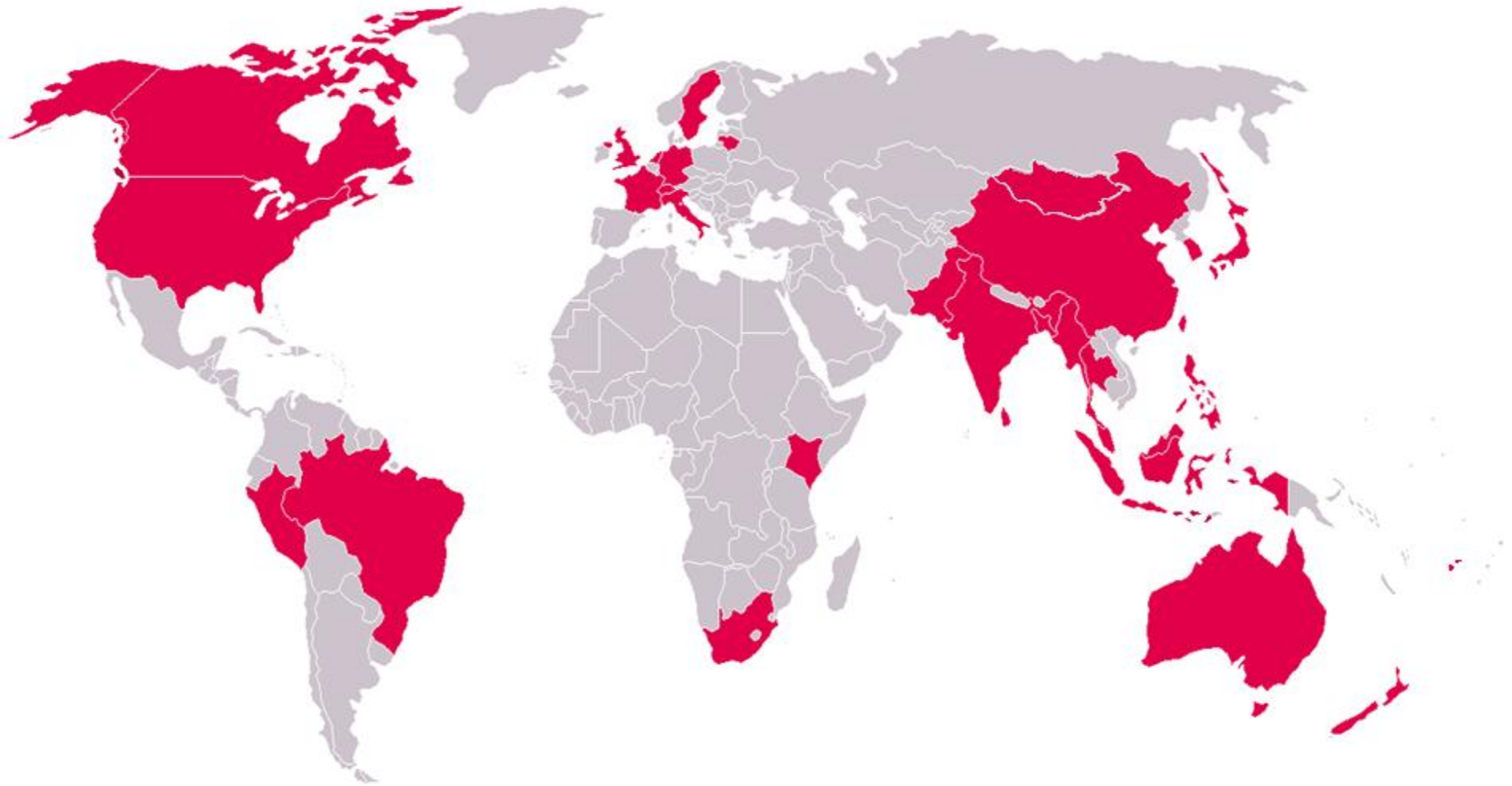
Organizational structure of CPR*south*



Paper presenter selection & mentoring (2007-11)



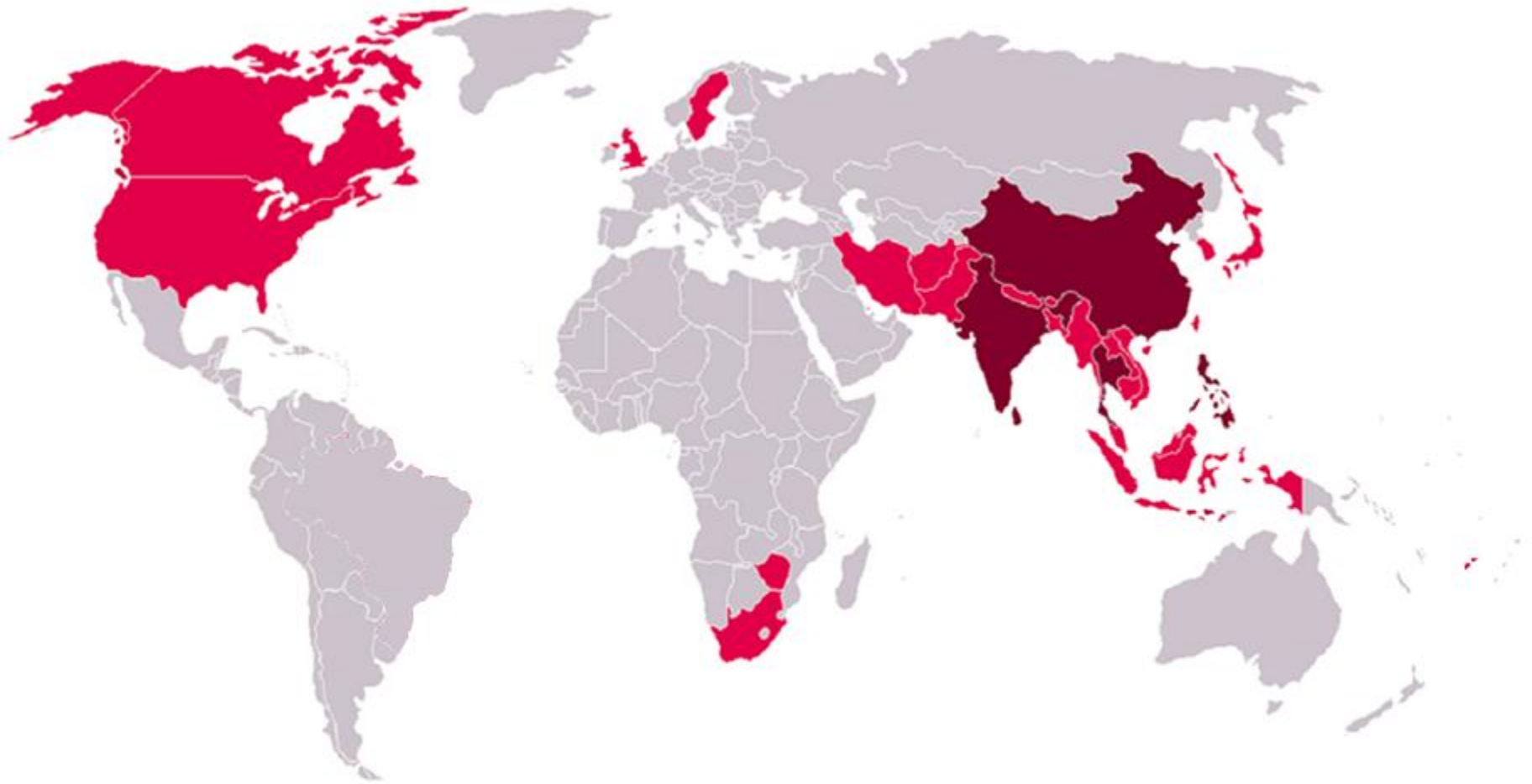
Almost all of Asia-Pacific covered



Very few papers dealing with Asia Pacific topics from those outside the region accepted

**Paper presenters
CPRsouth1-7**

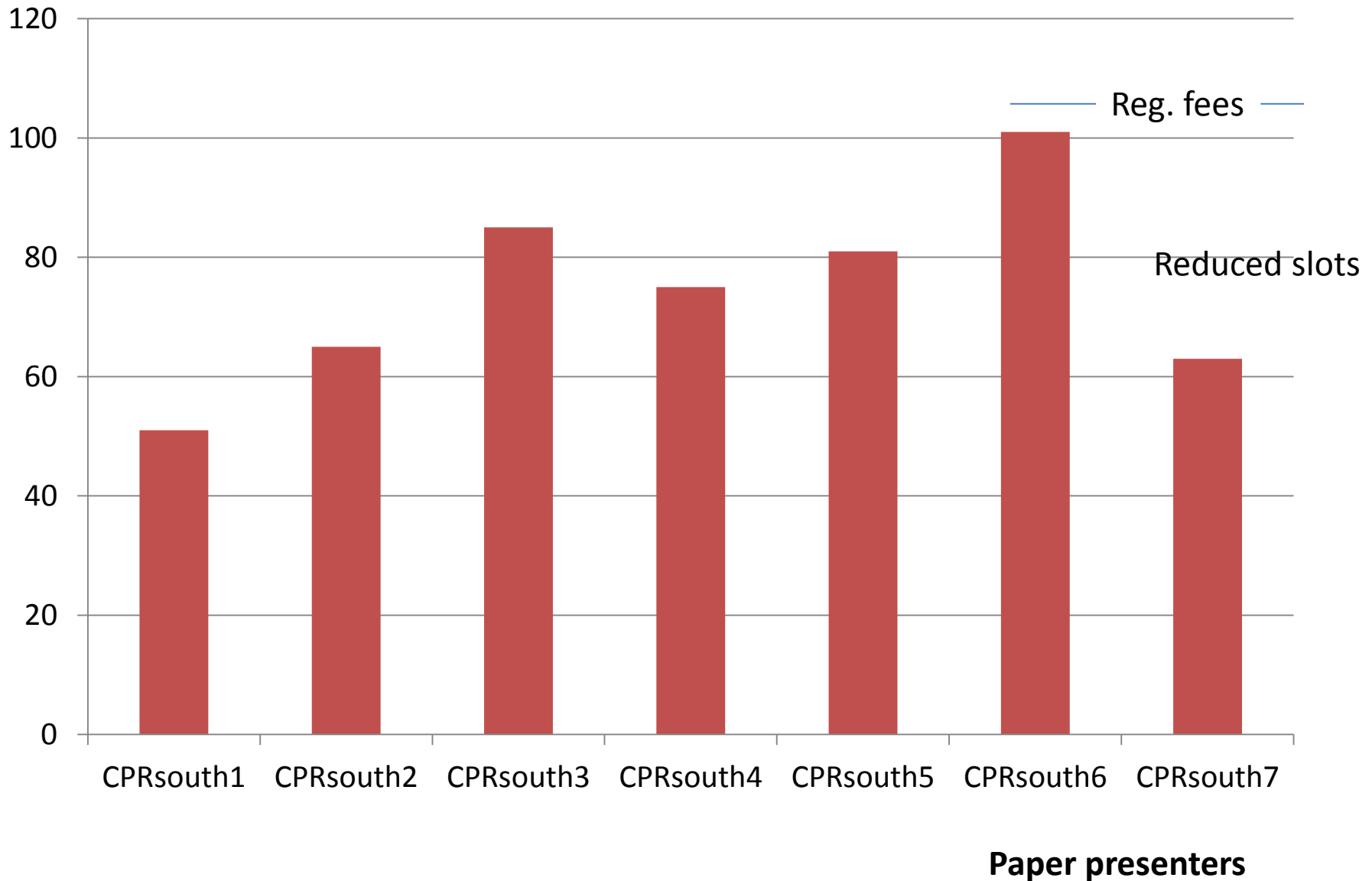
Young scholars: Darker shades = higher participation



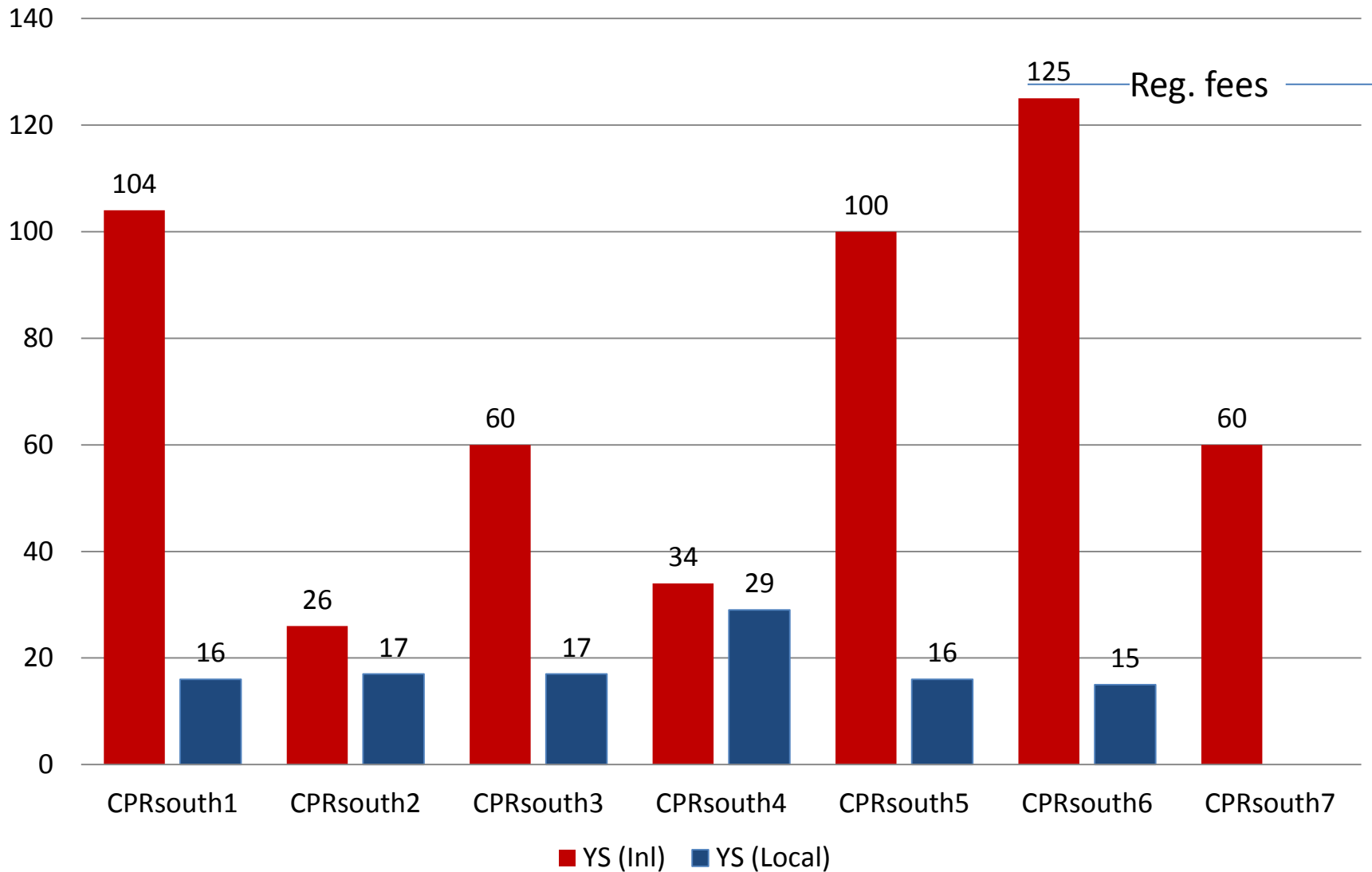
Only young scholars from within Asia-Pacific are funded now; African young scholars were funded by Research ICT Africa

**Young scholars
CPRsouth1-7**

Applicant numbers, rising until Mauritius

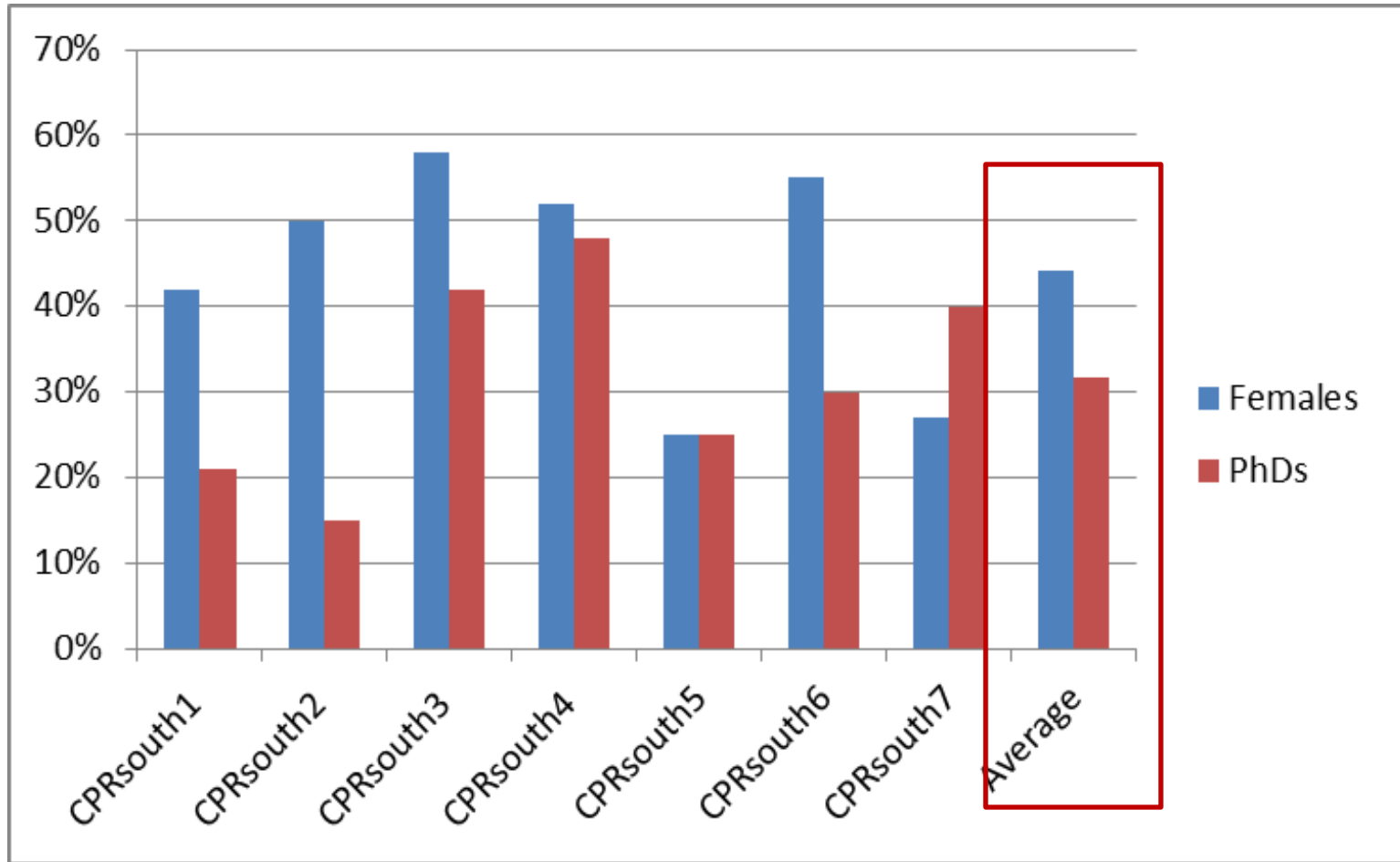


Young-scholar applications...

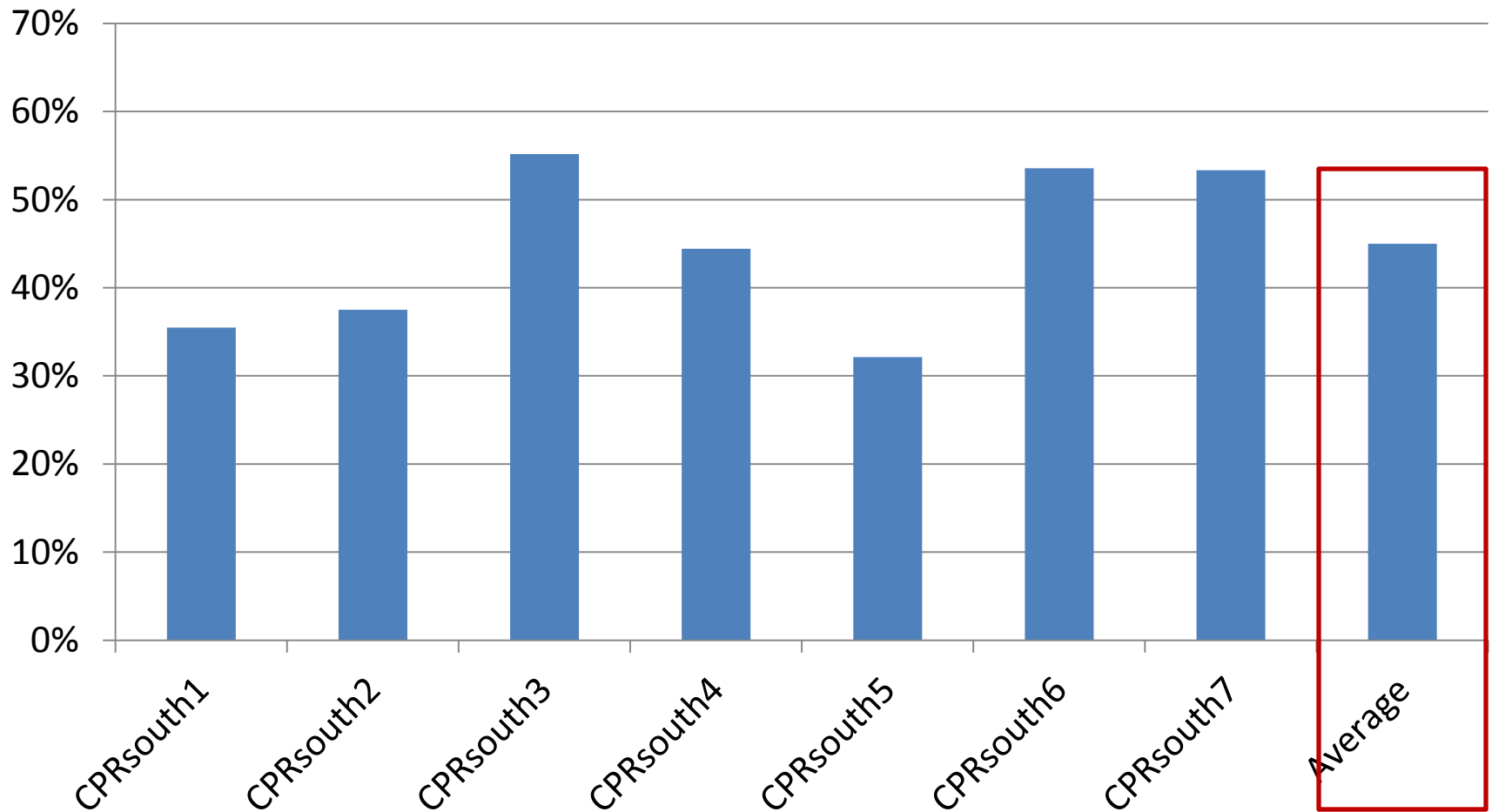


Young scholars

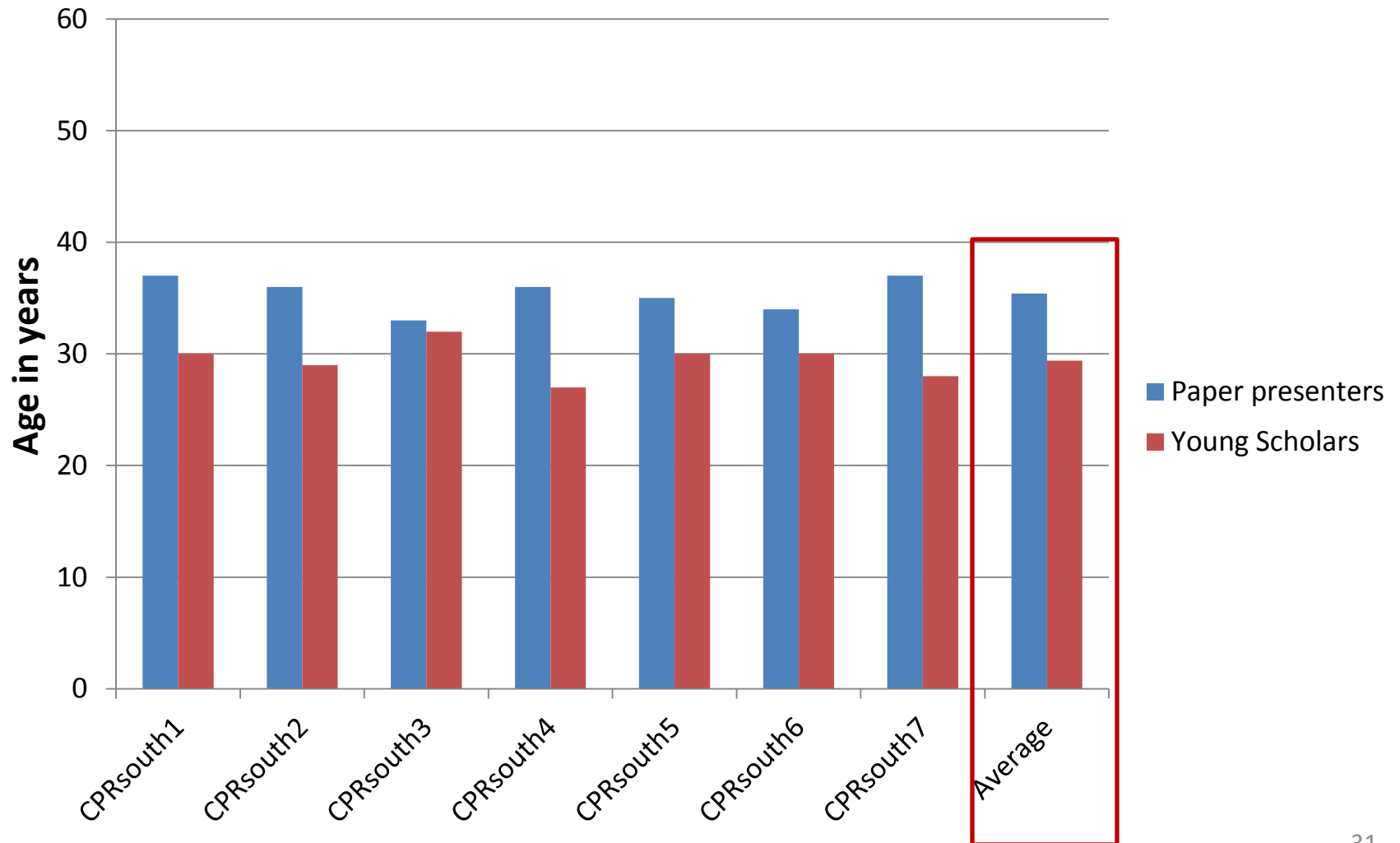
Paper-givers: Females & PhDs



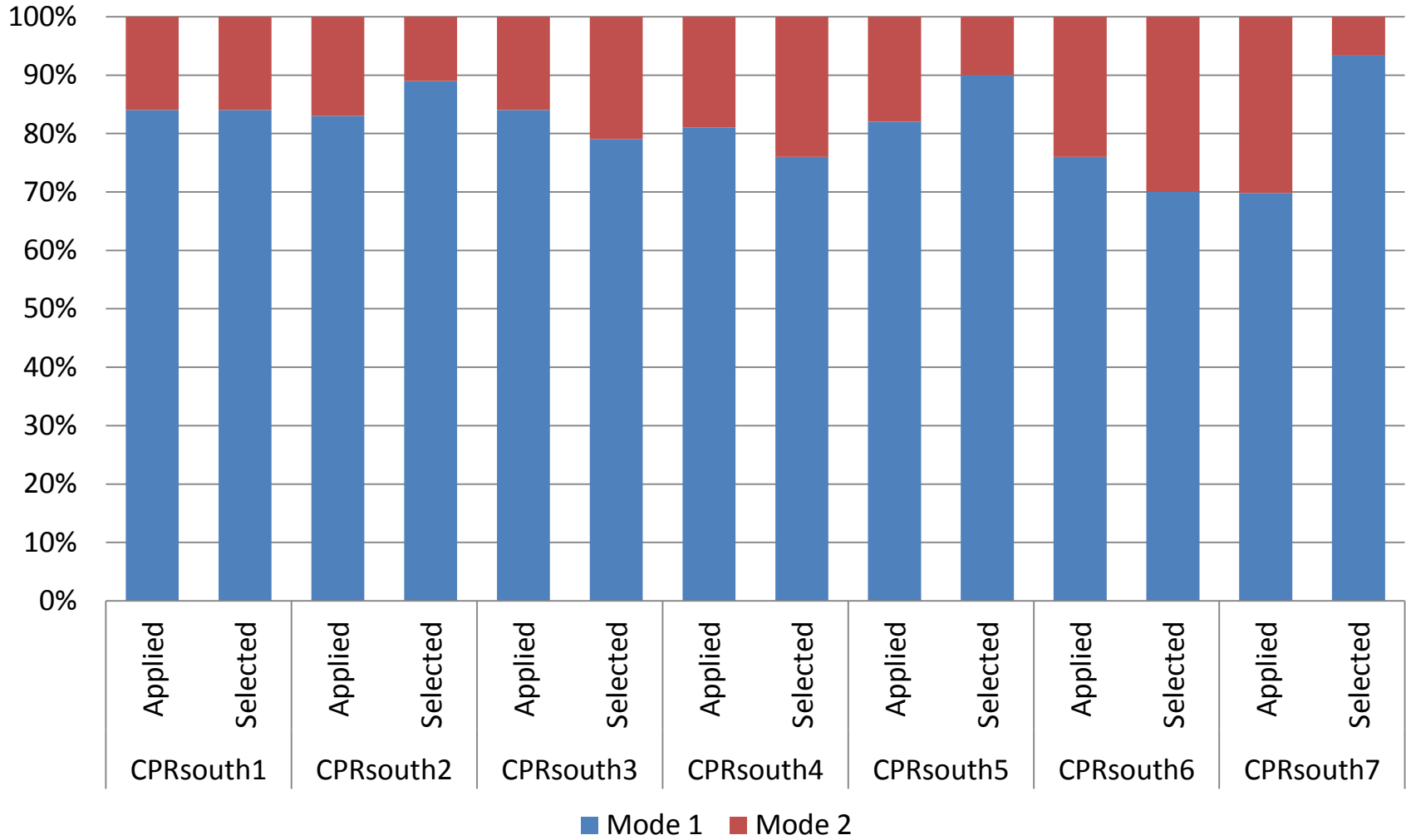
Female representation in the Young Scholar pipeline



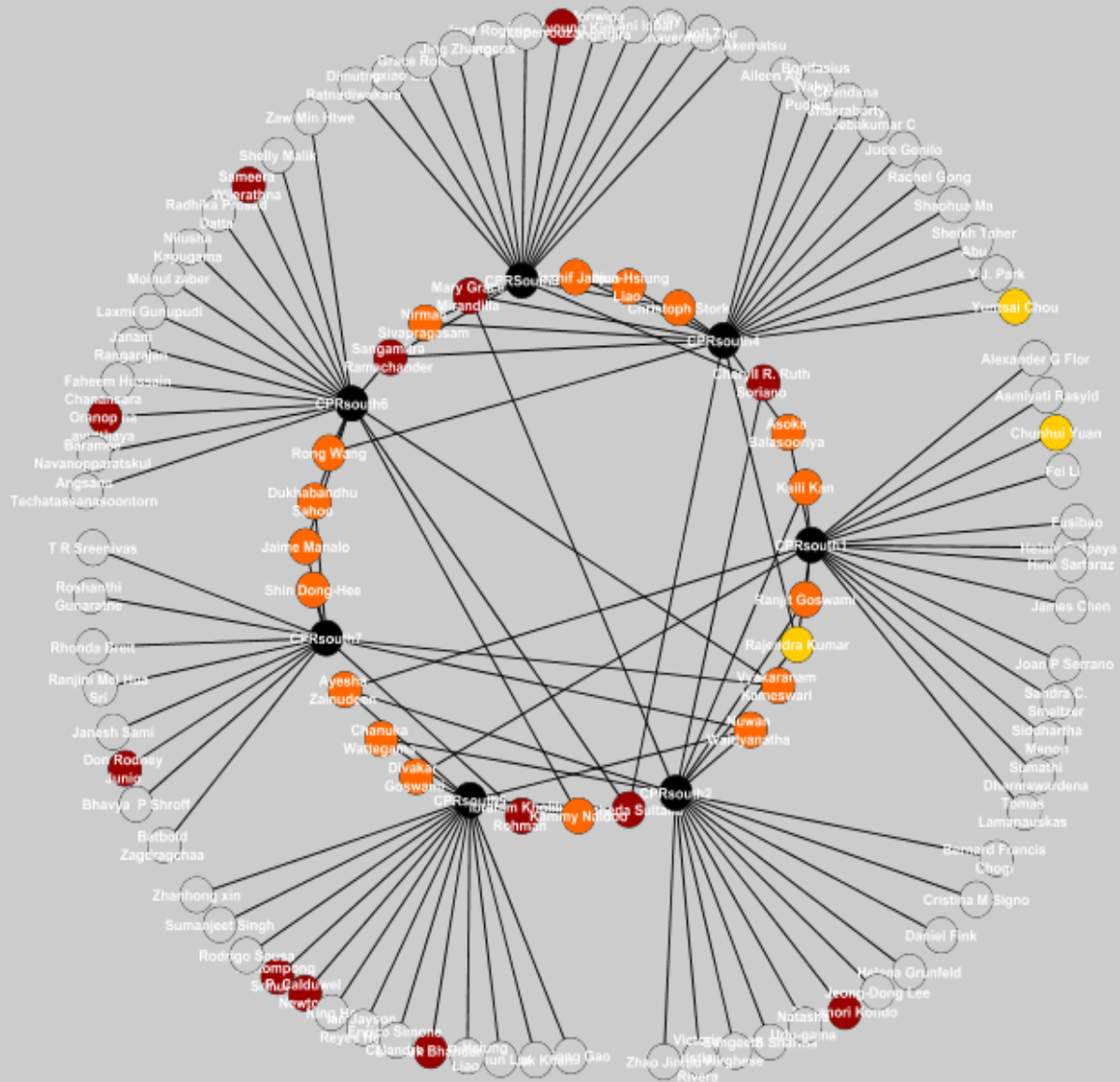
A youthful community



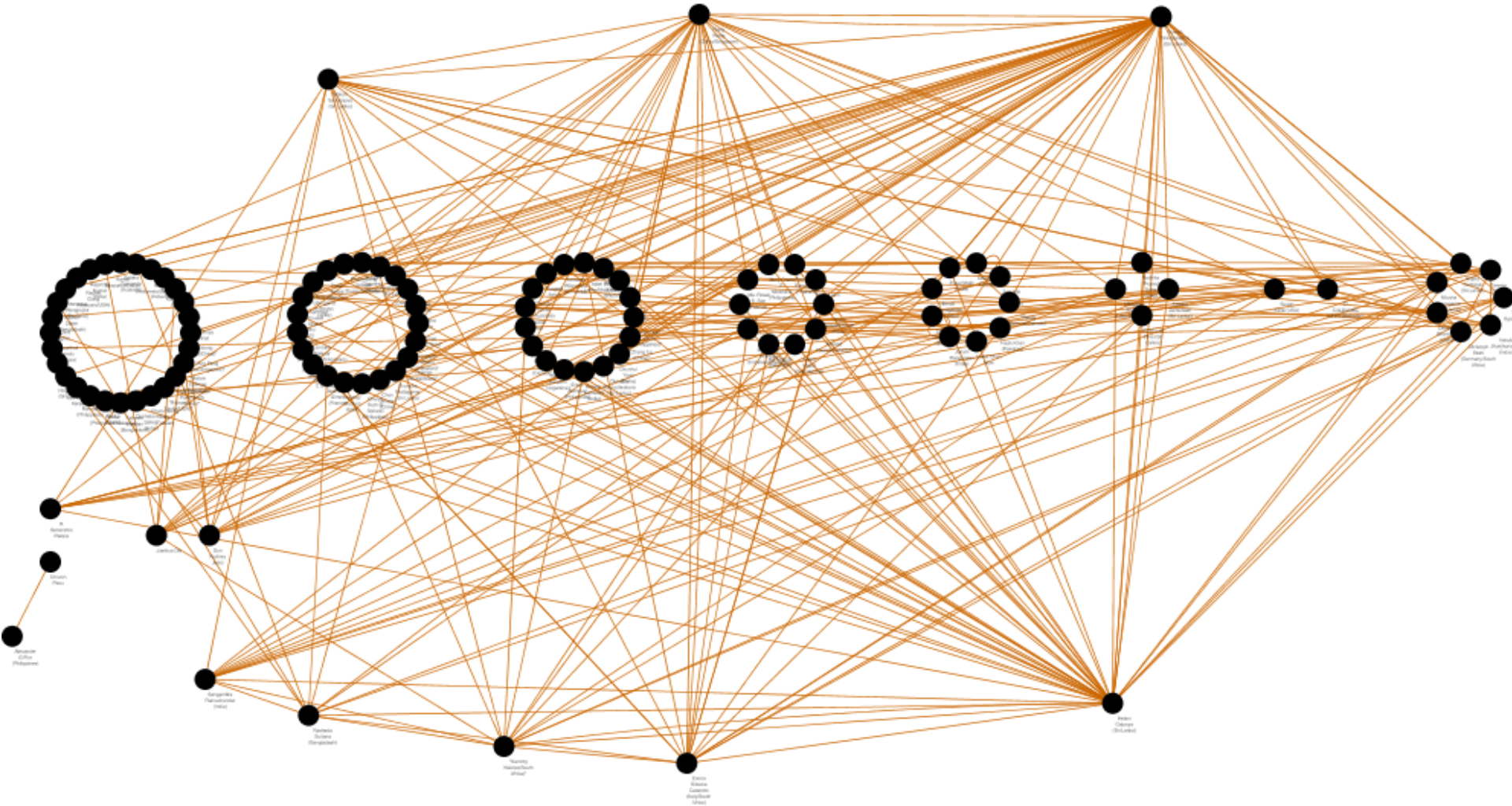
Mode 1 & Mode 2 applicant/selectees

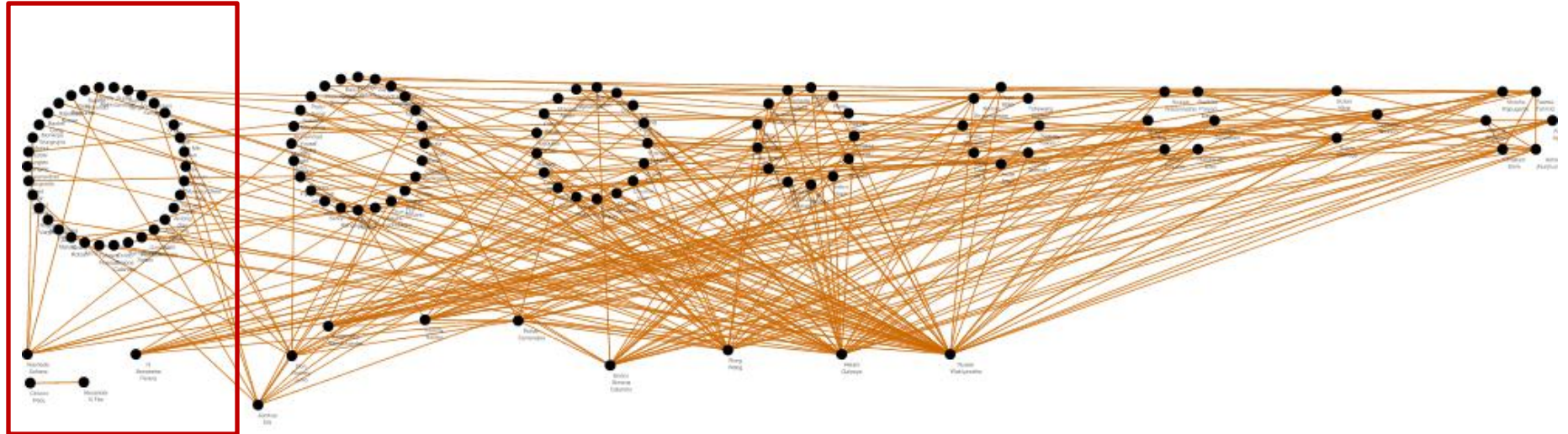


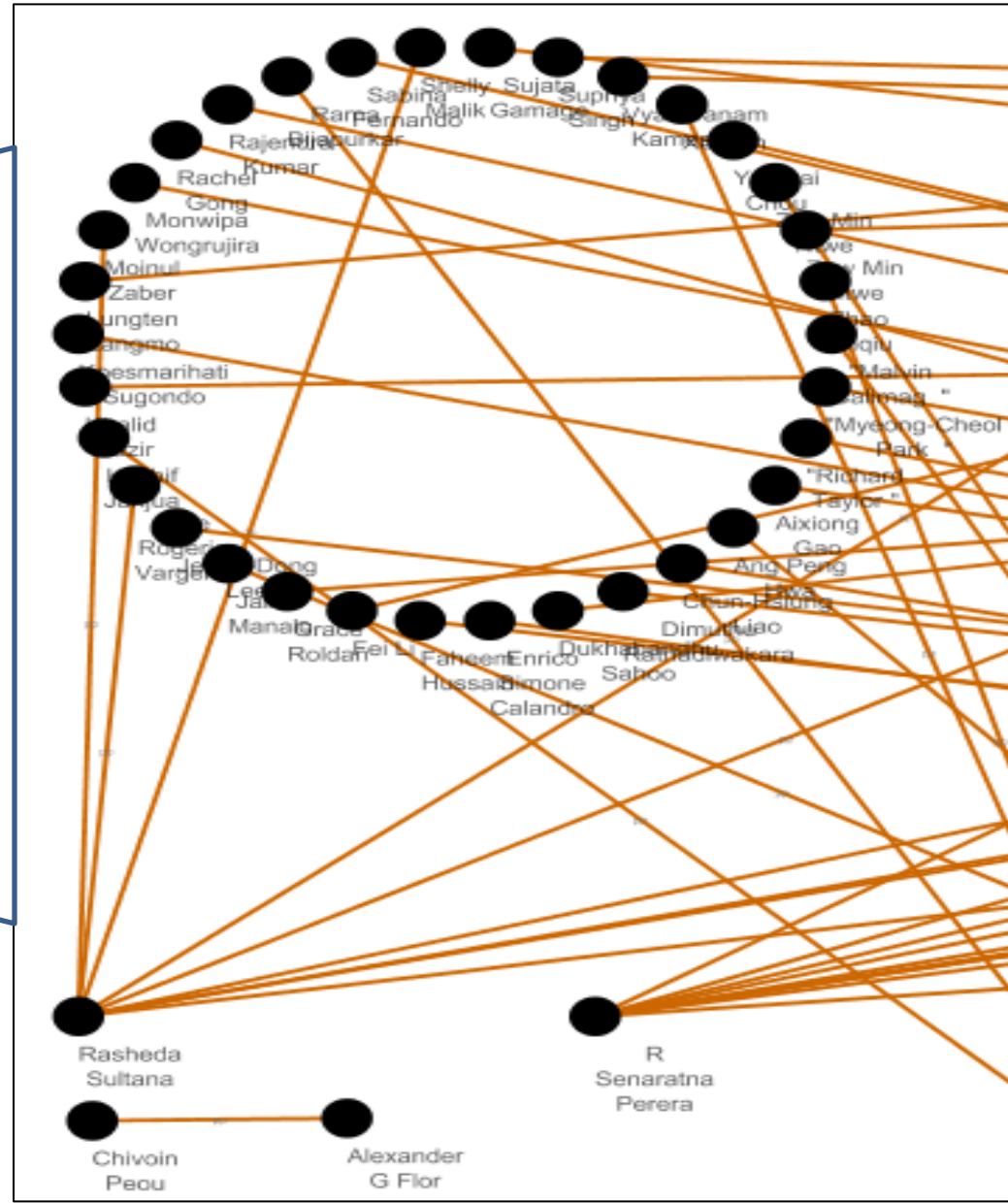
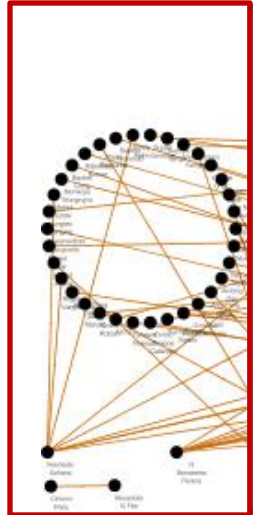
Is pipeline working? Young scholars → paper presenters

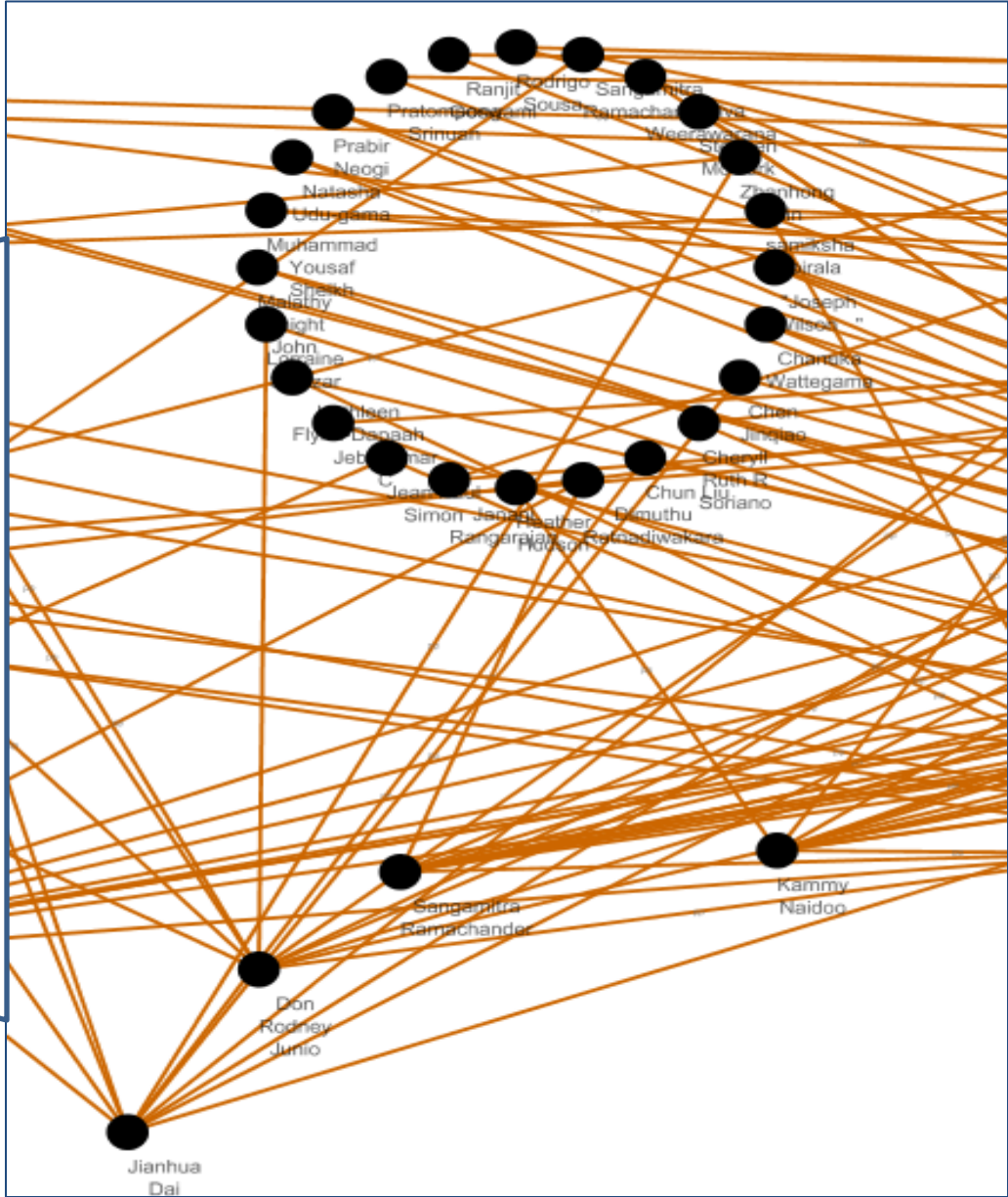
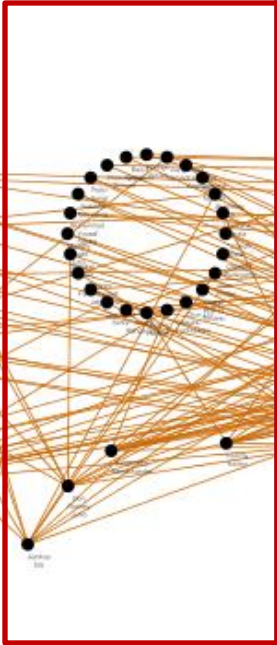
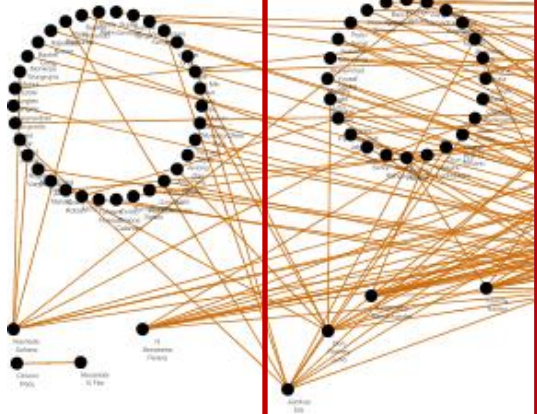


Interactions among CPR*south* community

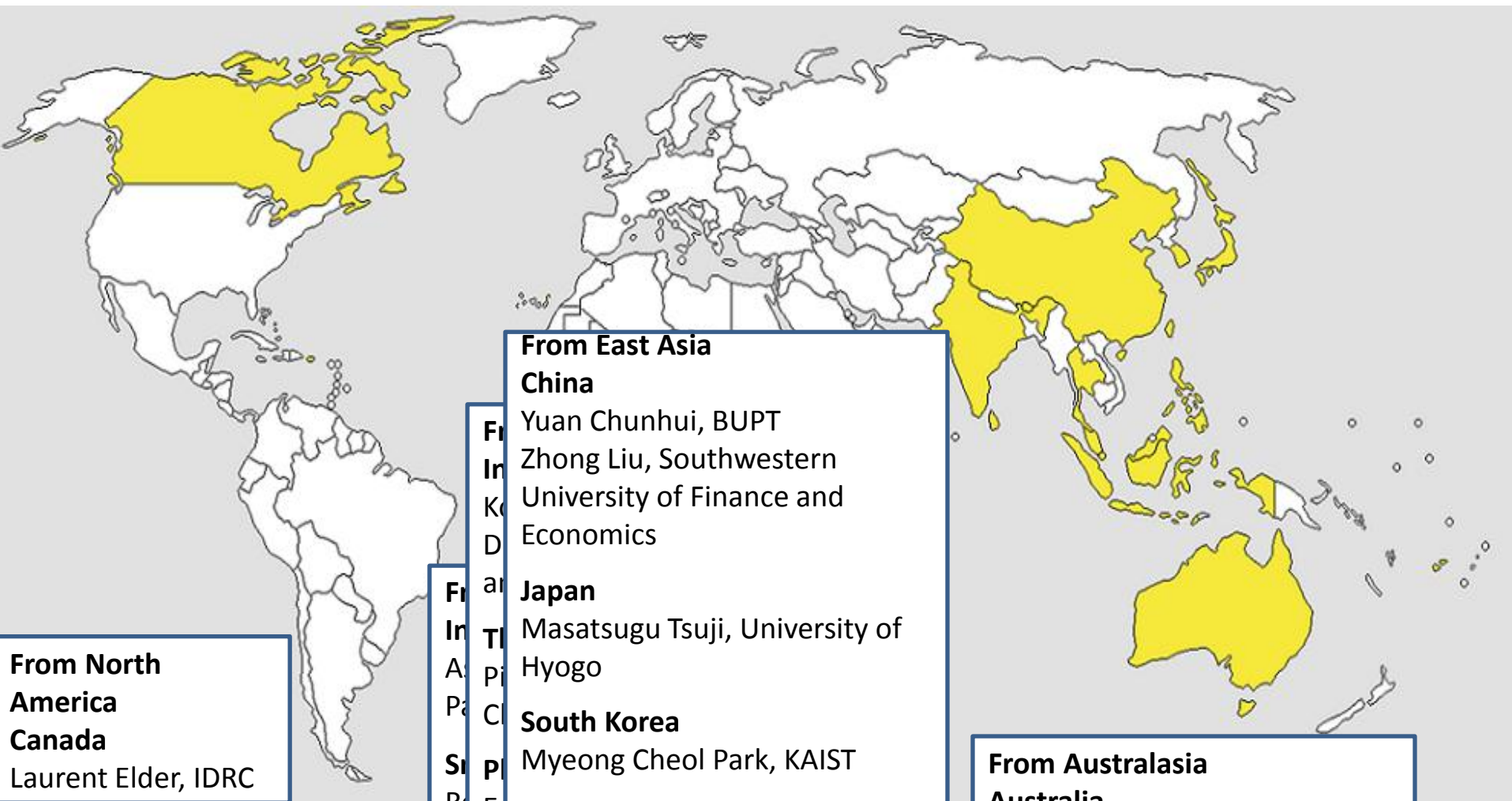








18 mentors from 15 countries



From North America
Canada
Laurent Elder, IDRC

From East Asia
China
Yuan Chunhui, BUPT
Zhong Liu, Southwestern University of Finance and Economics
Japan
Masatsugu Tsuji, University of Hyogo
South Korea
Myeong Cheol Park, KAIST
Hong Kong, SAR
Xu Yan, HKUST
Taiwan
Yunstai Chou, Yuan Ze University

From Australasia
Australia
Supriya Singh, Royal Melbourne Institute of Technology
Fiji
Aslam Hayat, PiRRC

CPR*south* locations

- Manila, Philippines
- Chennai, India
- Beijing, China
- Negombo, Sri Lanka
- Xi'an, China
- Bangkok, Thailand



CPRsouth7

- Combined conference with CPRafrica
- To be held in Port Louis, Mauritius



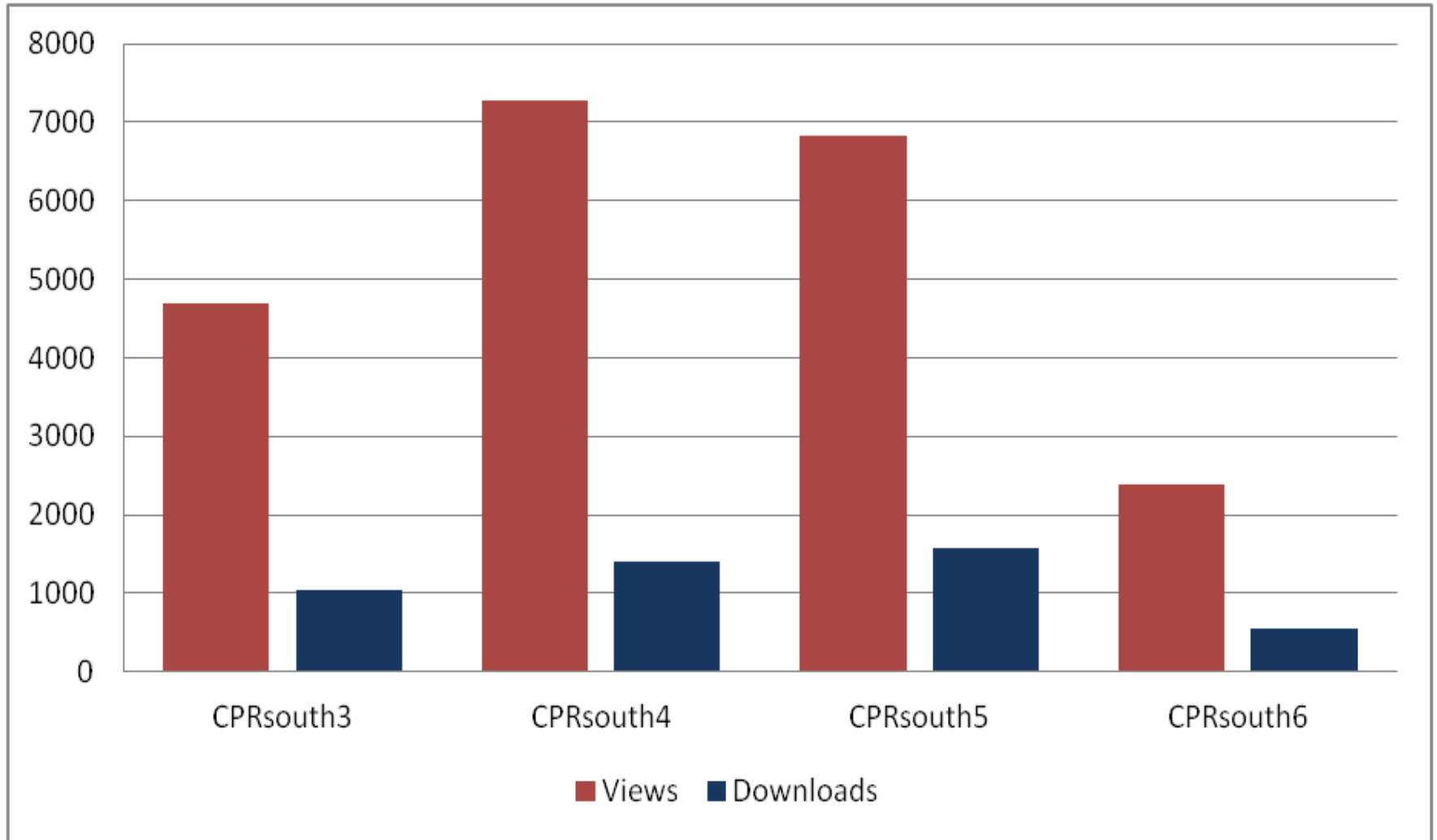
CPR*south*8, Mysore, India

- Joint conference & tutorials (with CPR*africa*) will be held at Infosys Campus, Mysore

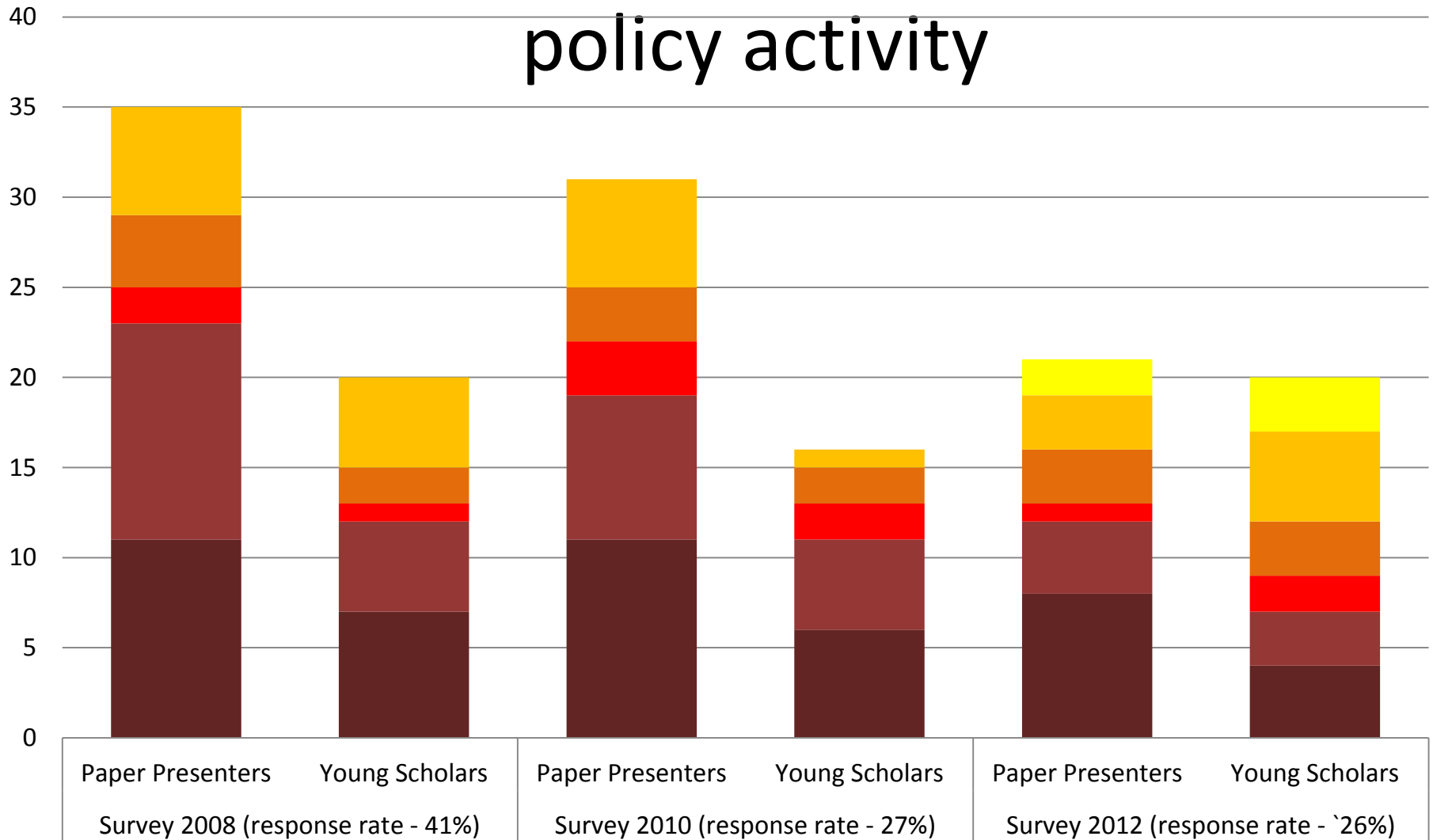


***CPRSOUTH* OUTPUT**

SSRN abstract views and downloads



CPR*south* community previous-year policy activity



■ Policy Papers / brief

■ Policy submissions / Presentations

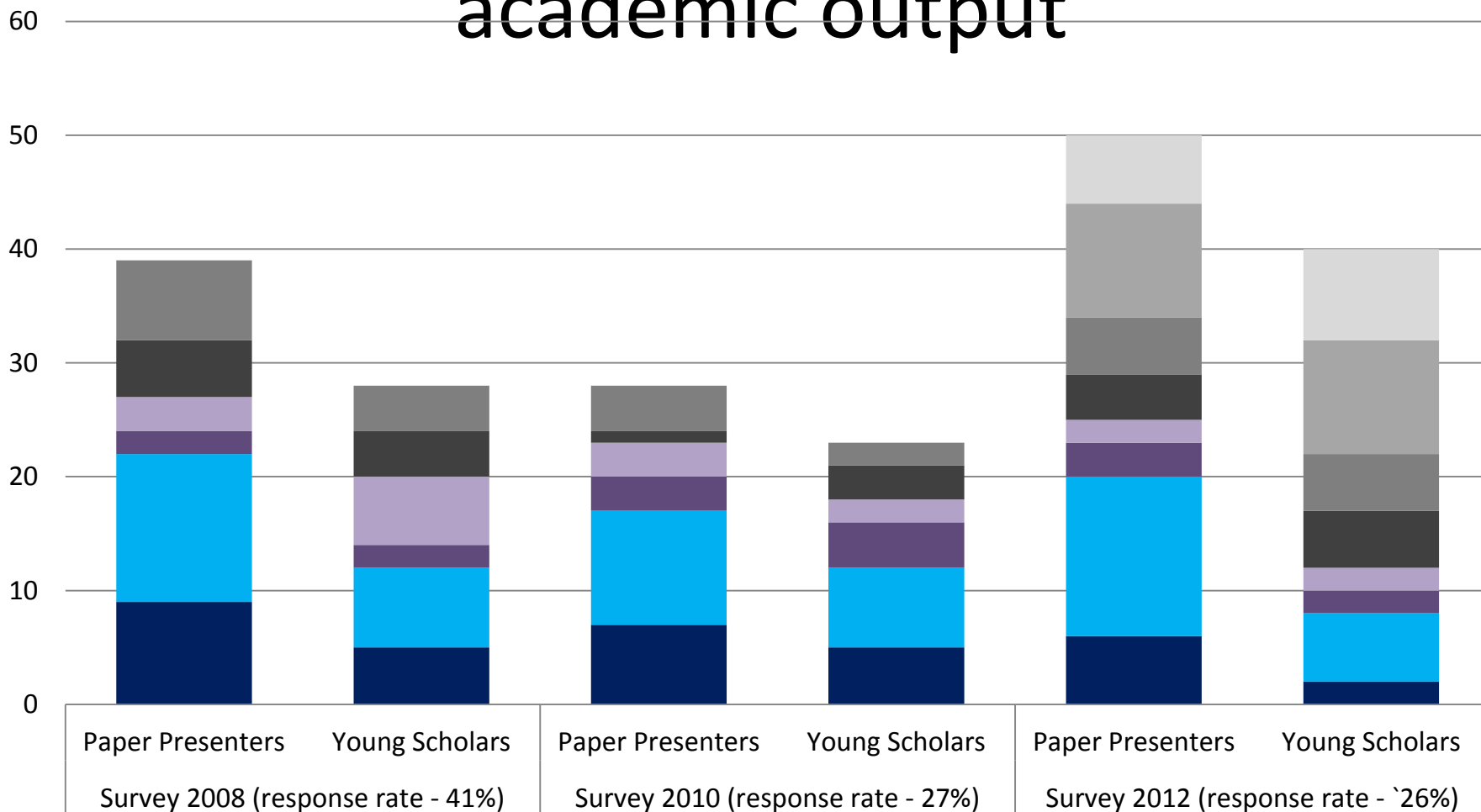
■ Op-ed pieces in the media

■ Interviews to the media

■ Participation in blogs

■ Project Policy implementation

CPRsouth community: Previous-year academic output



- Journal Publications
- Submitted Theses proposals
- Project reports and internal reports
- Conference papers
- Received Grants
- Submitted Theses
- Submitted Grant Proposals
- Research formulation

Other activity by the CPR*south* community (latest survey only)

Type	Paper Presenters	Young Scholars
On going projects	10	10
Project presentations	13	9
Project evaluations	6	3

What can be learned?

- US and Europe have identifiable foci of policy & regulatory activity: Asia Pacific does not → additional challenges
- Very difficult to provide definitive evidence of positive outcomes from capacity building work
 - Both paper-givers & young scholars are active between conferences, but can we identify resulting influence?
 - Looking at connectedness, regionally and also at national levels; but is this output or intermediate step?
 - Especially given age of members, how realistic is expectation they will break through into circles of policy influence?
- Anecdotes:
 - Inside the system: A three-time paper presenter is now Joint Secretary (e Gov) at Department of IT, India; joining the CPRsouth Board next year
 - Outside the system: Researchers from Indonesia & Namibia who met at CPRsouth publish an op-ed in leading Indonesian daily



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Ibrahim Kholilul Rohman and Christophe Stork, Gothenburg, Sweden | Opinion | Sat, December 03 2011, 12:43 PM

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The significant growth of Indonesian mobile telephony to over 211 million active SIM cards in 2010 (Directorate General of Post and Telecommunications, 2011), three and half times larger than the number in 2006, has been accompanied by an overwhelming number of products and prices, thereby making an informed choice by customers nearly impossible.

Eight mobile operators compete fiercely, whereas products and prices change frequently and the choice of discounts and specials are offered in the market.

The pricing structure of cellular services in Indonesia is unique. Besides conventional price discrimination between on-net (calling on the same network) and off-net (calling from one network to another) and peak and off-peak rates, accumulative discounts, friends and family discounts and cash (airtime) backs are being used. Prices differ also by region and distance. Billing is either in minutes or seconds. Flat rates for voice, SMS and data in any permutation

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