

**SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION (SASEC)
FIRST MEETING OF THE INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)
WORKING GROUP**

New Delhi, India, 15-16 March 2004

SUMMARY OF PROCEEDINGS

I. Background

1. The first meeting of the ICT Working Group (ICTWG) under RETA 6010: South Asia Sub-regional Economic Cooperation II was held in New Delhi, India on 15-16 March 2004. Standing and alternate members of the ICTWG, government officials of relevant line ministries, and representatives from the private sector in India, UNESCAP, APT and ADB attended the meeting. The objectives of the Meeting were to develop a cooperation agenda, discuss major issues and activities for ICT development in the SASEC region, and identify priority areas for the proposed technical assistance on the SASEC ICT Development Master Plan.

II. Major issues discussed

2. The participants recognized the importance of ICT in promoting economic and social development in the subregion. The following major issues were raised and discussed at the meeting.

A. Need for coordination among various sector-working groups under SASEC

3. It was noted that some major issues in the ICT sector tend to overlap with other sector working groups such as energy and power, and trade, investment and private sector cooperation. For instance, some major challenges faced in the power sector such as development of infrastructure and establishment of regional connectivity are similar to those faced in the ICT sector. It was suggested that there would be greater synergies to combine or to have a joint meeting between the ICTWG and other relevant sector working groups. ADB acknowledged the merits of having joint working group meetings, for example, between the ICT and energy and power working groups to exchange progress updates and discuss common issues. It was also suggested that the working group should consider inviting representatives from relevant non-government organizations (NGOs) to future working group meetings given some NGOs' active role in promoting ICT in development. It was also pointed out that ICT-related activities under this working group should not duplicate other ICT-related activities initiated by other international organizations, such as UNESCAP and APT.

B. Need to improve regional connectivity and infrastructure development

4. Lack of regional connectivity was identified as a major problem in connecting the telecommunications networks of the 4 countries. For example, there is no direct satellite link between Nepal and Bangladesh, but only a terrestrial microwave link. There is also no direct trunk or satellite telecommunications link between Nepal and Bhutan, and Bangladesh and Bhutan. Traffic between these countries is routed through a third country. The existing route of

transmission of regional telecommunications traffic is extremely costly and inefficient, which adds to the cost of doing business in the subregion. It was stressed that interconnectivity among SASEC countries would receive the highest priority among the various ADB-supported ICT regional initiatives.

5. In addition, participating countries also expressed that while they are trying to expand and upgrade their telecommunications networks and ICT-related infrastructure facilities (e.g. personal computers) to support ICT services, the state of ICT infrastructure development is still at an initial phase of development in most SASEC countries, and the penetration ratios of telecommunications and Internet services are still low relative to other countries around world. The participating countries emphasized the need to raise the level of ICT infrastructure development in their countries but a major obstacle is the lack of funds.

C. Need for human resources development in ICT

6. To fully participate in the ICT industry, workers need to be equipped with a certain level of skills in order for them to capitalize on the emerging opportunities in the expanding ICT sector. While India has the largest pool of skilled labor in this sector in the subregion, demand for skilled labor has been outstripping supply. Moreover, Bangladesh, Bhutan and Nepal lack skilled labor in this sector to fully take advantage of the increasing opportunities. It was stressed that human resources development is a critical area to help promote development of the ICT sector in the subregion.

D. Need for harmonization of technical standards and regulations

7. Lack of common technical standards prevents inter-connectivity and inter-operability of ICT networks across SASEC countries, and prevents the use of certain content materials. It was suggested that it is highly desirable to encourage the harmonization of technical standards, development of regulation to improve service quality and competition across countries, and creation of a supportive environment to help foster ICT development by the private sector.

E. Lack of funds to implement ICT initiatives

8. SASEC countries emphasized that they lack the financial resources to expand and upgrade telecommunications infrastructure in their own countries. They suggested that ADB and other international organizations could consider providing financial assistance to help in this regard.

F. Five major areas of focus in the ICT sector

9. Five major areas were suggested as priority areas to help enhance regional cooperation in the ICT sector:

- Enhancement of regional connectivity via high-bandwidth connections among the 4 countries;
- Establishment of community information centers;
- Promotion of information sharing and human resources development in the ICT sector;
- Strengthening and harmonization of regulations in the ICT sector; and

- Development of common software tools to enhance digital content available over the Internet, regardless of language.

G. Terms of reference and implementation process and timetable for a SASEC ICT Development Master Plan

10. The proposed technical assistance (TA) will assist SASEC countries to prepare a SASEC ICT Development Master Plan. The objectives of the study will assist SASEC countries to explore the potential areas for cooperation in the ICT sector, including the 5 major areas suggested by the ICTWG; and recommend regional ICT sector strategies, investment programs, and technical assistance activities to help promote an integrated telecommunications and ICT network in the subregion. In addition, the Master Plan will set out an investment program based on the 5 suggested areas, including economic and financial assessment of proposed projects, technological options available and their suitability for infrastructure development. Other funding sources/donors will be explored for investment projects will also be considered in the Master plan. Participation of all stakeholders is encouraged.

11. The scope of work of this TA includes: a review of national and regional ICT activities; analysis of regional ICT infrastructure facilities; analysis of ICT demand; analysis of regulatory regime; and recommendations of the way forward. A Steering Committee comprising the sector officer for ICT from ADB and one representative from each SASEC country would provide overall guidance of the project. The consultant will be based in a SASEC country to carry out the work. The ICTWG would select the base country to host the consultant.

12. The total cost of the TA is estimated to be US\$300,000. The TA is expected to commence in January 2005 and the final report is expected to be completed by June 2005. SASEC countries were requested to provide contribution in kind: counterpart staff, secretarial service, furnished office space, local transportation and communications as appropriate, and information and data on the ICT sector as required by the consultant.

13. SASEC countries unanimously requested ADB to expedite the commencement of this study to sustain the momentum made in this ICTWG meeting. ADB clarified that there is a possibility of implementing this TA in late November or December 2004 because other projects programmed for 2004 may be delayed.

III. Major agreements reached and next steps

14. The ICTWG agreed on the following:

- a) Approval of the proposed terms of reference to take into account the 5 areas suggested by the ICTWG. A revised draft TA paper will be circulated to the SASEC countries for their review and comment before submitting to ADB's management for approval.
- b) Implementation arrangement of TA
 - i. Base country – Given India's remarkable experience in ICT development, India was nominated as the base country to host the consultant. India, in turn, accepted the offer.

- ii. Composition of steering committee – it was agreed that the steering committee will comprise standing members (secretary level) from each SASEC participating country. Other international organizations like APT and UNESCAP may be included if deemed appropriate.

- iii. Government contribution
 - Office Space – to be provided by the base country.
 - Transportation – countries have agreed to provide in city transportation to the consultant if access to public transportation is difficult. Local travel by air, if any, will be borne by the TA.
 - Data requirements – consultant’s data requirements will be conveyed to the countries.
 - Counterpart Staff – to be provided by countries. To ensure continuity and ownership, staff should not be transferred to another assignment.

- c) Venue of 2nd ICTWG Meeting – Bhutan has kindly accepted the offer to host the next ICTWG meeting in Thimphu.

- d) Other matters – Before the start of the TA, ADB proposed the formation of an ICT Forum on the Internet among Steering Committee Members. Each country is requested to do some preliminary work by documenting ICT status, identifying common areas/wish list for ICT development. This would help guide the Consultant and expedite his/her work.