

GMS Flagship Initiative

**TELECOMMUNICATIONS BACKBONE AND INFORMATION
AND COMMUNICATIONS TECHNOLOGY**

(As of 26 June 2005)

Summary

Rationale

Telecommunications is increasingly considered a strategic factor of production – central to the development process and poverty reduction on account of its dual role as a trade service and as a vehicle for trade in other service sectors. Telecommunications services increase in importance as sector activities become more dependent on timely and accurate dissemination of information. In most GMS countries, however, telecommunications services are less accessible and when available, are very costly.

The link between poverty reduction and access to telecommunications services is becoming increasingly apparent. Development of the telecommunications sector throughout the GMS will help address the "Digital Divide," that is, provide the poor with more opportunity to access the Internet and enjoy the benefits of new technologies and services mostly accessible only to affluent members of society in the urban areas. An efficient telecommunications sector will facilitate transfer of information at the lowest possible cost, it will also help increase trade and incomes, and empower minorities and rural communities.

Objectives

The flagship initiative on Telecommunications Backbone and Information and Communications Technology aims to: (i) expand the telecommunications network in the Greater Mekong subregion by providing access to voice and data services, including the Internet, at affordable commercial rates, (ii) reduce the incidence of the "Digital Divide" in the GMS, (iii) improve backbone telecommunications infrastructure in order to attract private investment in national telecommunications networks, and (iv) facilitate the interconnection of national networks in the six GMS countries.

Overall Strategy and Key Components

The Program will be implemented following this overall strategy:

- a) ensure completion of Phase I and Phase II backbone telecommunications networks,
- b) implement policy reforms in the telecommunications sector to facilitate private sector participation and maximize the benefit of investments in telecommunications infrastructure, and
- c) harmonize and integrate technical aspects of a subregional telecommunications framework with a view to optimizing the efficiency and effectiveness of the telecommunications networks.

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For this purpose, the flagship program has undertaken the following specific components:

- a) Conducted ADB regional technical assistance (RETA) for policy reforms in the telecommunications sector and capacity building for Cambodia, Lao PDR, and Viet Nam;
- b) Convened a total of six meetings of the Subregional Telecommunications Forum (STCF) to address issues affecting both facilities and regulatory/policy aspects of the network;
- c) Completed the East Loop Feasibility Study in 1997, followed by the feasibility study for the Phase I Backbone project. As recommended in these studies, a modern, high-capacity network should be developed based on optic fiber cable (OFC) transmission systems. A total of 13 transmission links and improved interconnections have been identified as priority links, grouped into a two-phased project called the Telecommunications Backbone Project.
- d) Initiated telecommunications sector policy reforms in Cambodia, Lao PDR, and Viet Nam as recommended by the ADB RETA, including provision of ADB assistance to mitigate fiscal burdens, to complement investments in the sector and to encourage private sector participation.

The following priority components will be pursued in the future:

- a. Determining needed financing for remaining high priority OFC routes based on further analysis of traffic demand, conduct of feasibility studies on remaining routes, and conduct of studies on technical harmonization of networks.
- b. The GMS Information Superhighway Network (ISN) initiative involves establishing working mechanisms for the construction of facilities, enhancing ICT development, improving service quality and narrowing the gap between nations in their use of voice, bandwidth, internet and e-applications.
- c. Follow-up discussions among development partners to assist GMS countries in implementing their sector reform agenda.

Components of the telecommunications backbone project support the development of the North-South, East-West, and Southern Economic Corridor flagship programs.

The flagship initiative is based largely on an ADB-financed feasibility study of the GMS East Loop telecommunications network.

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