

# GLOBAL INFORMATION SOCIETY WATCH 2008

*Focus on access to infrastructure*



# Global Information Society Watch

## 2008



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### Editor

Alan Finlay

### Assistant editor

Lori Nordstrom

### Publication production

Karen Higgs

### Graphic design

MONOCROMO  
Myriam Bustos, Leticia da Fonte, Pablo Uribe  
info@monocromo.com.uy  
Phone: +598 (2) 400 1685

### Cover illustration

Matias Bervejillo

### Proofreading

Lori Nordstrom  
Lisa Cyr

### Website

www.GISWatch.org  
Andrea Antelo  
Ximena Pucciarelli  
Monocromo

### Printed by

CinnamonTeal Print and Publishing  
Printed in India

Global Information Society Watch 2008  
Published by APC, Hivos and ITeM  
2008

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ISBN: 92-95049-65-9  
APC-200812-CIPP-R-EN-P-0058



## Introduction

### *Sixty-one years of delays and one flower*

Paraguay, located in the Southern Cone region of South America, is a country where the socioeconomic development model is so unequal and unfair that almost 80% of its land is in the hands of less than 10% of the population. Out of a population of almost six million people, over 2.1 million live in poverty and nearly 1.2 million in extreme poverty.

For every 100 Paraguayans, 33 live in poverty and 20 survive on a monthly income of PYG 200,000 (about USD 40). According to the Ministry of Education and Culture, 97% of children between the ages of six and eleven are enrolled in primary school, although the school enrolment rate drops to 54% in the case of children twelve to fifteen years old. In the meantime, 8% of children aged five to fifteen work on the streets (MEC, 2005, p. 17).

Carrón (2007) estimates that about 116,000 people left Paraguay for other countries during 2006 alone. Of these, 2% were fifteen years old or younger, 10% were between fifteen and nineteen, and 73% were between twenty and 39 years old.

Even though Paraguay is a member of South America's Mercosur trade bloc, and a partner in the binational hydroelectric entities Itaipu (Brasil-Paraguay) and Yacyreta (Argentina-Paraguay), which provide much of the energy for the Southern Cone, it suffers a higher development asymmetry compared to its regional partners, and the different development indicators show very clearly that there are many things still to do.

The election of former Catholic bishop and pro-poor advocate Fernando Lugo on 20 April 2008 is seen as a hopeful sign for more egalitarian development. However, he has a tough task ahead, with challenges that include corruption and historical inequalities, both of which are responsible for the "misfortune of Paraguay", as the famous Paraguayan writer Augusto Roa Bastos put it.

The design of new social policies, especially in health, housing and education, face structural problems such as budget restrictions and a lack of investment.

The proposal of agrarian reform to benefit poor farmers is faced with a production structure based on only a small number of landowners who produce and export soybeans on a large scale, and cattle farming that results in the export of meat to large markets, especially Chile and Russia. Paraguay is the fourth largest exporter of soybeans worldwide, and meat is the third highest source of national

income. Another major economic support is remittances from Paraguayans scattered throughout the world, on which many depend.

There is no doubt that the new political scenario in Paraguay has as its principal challenge the consolidation of democracy. It is crucial that it does not result in an authoritarianism that secures its early death.

### Physical access to technology

Paraguay is a country with a subtropical climate and rainfall that exceeds 1,000 mm annually. A lack of roads makes travelling between villages, departmental capitals and Asunción, the capital of the country, difficult.

A lack of investment and the high levels of corruption for over six decades are evident to anyone who travels through the country in three aspects:

- Poor road infrastructure, with only three main routes for the whole country.
- Fixed-line telephone infrastructure that is no longer sufficient for all the cities of the country. For some in rural areas the nearest telephone is 70 kilometres away.
- Abundant electricity, produced by the Itaipu dam, which is unfairly distributed between the two states that own it: Paraguay and Brazil. The base of this inequity is the Treaty of Itaipu itself, signed in 1973, by the dictators of Brazil and Paraguay. The treaty establishes an equal distribution of electricity, but since Paraguay does not have the proper infrastructure to use the full provision of electricity, the country is forced (according to the treaty) to sell the rest only to Brazil at prices much lower than market prices.

To illustrate the challenges faced with physical access to technology, consider what happens on the border between Paraguay and Brazil. Since the days of the bandits in the 17th century, Paraguay's borders, particularly with Brazil, have been thin and permeable lines. Beginning in 1950, during the Stroessner regime, what began as a programme of settlement of the rich eastern territory of the country became a sale of land to landowners and foreign companies. Motivated by the offering of cheap and fertile soils, large and medium-sized Brazilian producers acquired extensive portions of land in Alto Paraná, Canindeyú and Caaguazú. Under these circumstances a particular group called *Brasiguayos* developed, whose identity evolved with specific ethnic, linguistic, political and economic features. The *Brasiguayos* became consolidated as a powerful group in the area, controlling great parts of the production and

affecting public policies. Because of them, many cities along the border use Portuguese as their primary language in business and everyday life.

In terms of the integration of Paraguayan peasants and the *Brasiguayos*, the data reveal a situation that is not very encouraging. There are currently two different productive models, two cultures, and two modes of accessing new technologies.

On the one hand, the *Brasiguayos*, with greater financial resources and a better understanding of technology, create opportunities for large-scale production and high profitability. They use new technologies provided by the Brazilian private sector, and get internet access through Brazilian internet service providers (ISPs). They use the internet regularly to manage the prices of their products, to analyse markets and economies, and to compare market demand in both Paraguay and Brazil.

On the other hand, the poor Paraguayan peasants, without techniques to improve their crops, and with less land every day, are dissatisfied with this situation. Access to new technologies is almost non-existent, and the connectivity offered in some cities by Paraguay's state telecommunication company, COPACO, is slow, costly and outdated, and generally inaccessible to the Paraguayan peasantry.

Another case worth noting: Paraguay is currently inhabited by more than 85,000 indigenous people (DGEEC, 2002). Not long ago, in March 2004, there was a meeting between members of an indigenous organisation and a family from the indigenous Totobiegosode forest tribe, who had come out of the wilderness to establish contact with the modern world for the first time (ABC Color, 2004). The living conditions of most indigenous groups are marked by a lack of access to land, lack of access to basic social services, hunger and dependency on various forms of government hand-outs.

These few examples illustrate the dramatic nature of the encounter between two worlds. They are also symbolic of a greater divide. The difficulties that Paraguay is facing in an integration process that is both *internal* and *external* are more than obvious in the cases reported. This reality demonstrates that integration cannot be conceived as the simple task of incorporating access to new technologies.

What is needed is for the new Paraguayan government to measure tensions that originate in political, social and environmental policies. They require state and binational agreements that guarantee a pluralistic and democratic coexistence.

### **The impact of the legal and regulatory framework**

Paraguay is one of the few countries in Latin America where the control of telecommunications – and therefore internet services – remains under the control of the state, and there have been no reforms or proposals aimed at changing this scenario.

During the last days of 1994, with the enactment of the new Telecommunications Law 642/95, the National

Commission of Telecommunications (CONATEL) was established. But far from being a body representing various sectors of society, as the International Telecommunication Union's (ITU) "Blue Book" recommends, it is a body that reports directly to the president, and has directors appointed by the will or recommendation of the president without consulting parliament, or any other sector of Paraguayan society.

COPACO retains a monopoly over fibre-optic internet services, while CONATEL grants licences to a dozen companies for the provision of new services. The criteria for awarding the licences are not very different from those that governed during COPACO's total monopoly, and the result is a process with dubious transparency, which has ensured "free competition without a free market."

As a consequence, the telecommunications services that are provided in Paraguay today have the following features:

The fixed telephone network is growing very slowly, and the cost of the service is expensive. Installation in some cases takes several years, and in some areas of Asunción or its suburbs, it never gets done.

Of the country's seventeen departments, only about four to five important cities have fixed-line services. These services can be described as "moderately acceptable" in quality, and have similar problems to those that occur in the capital, such as lags in installation time.

There is virtually no fixed-line rural telephony. COPACO services only reach urban areas located in the regions outside the capital.

In the meantime, multinational mobile companies are multiplying rapidly. By 2006, the number of mobile subscribers far exceeded fixed telephony users.

Precarious state control and a lack of price regulation has meant that consumer rights have been neglected, and citizens have had to accept bad contracts and poor quality services.

Internet access became available through private companies that are expanding in Asunción with long-term investment plans, and without state control. The network has primarily been set up in Asunción and neighbouring areas, but also extends to some large cities in other departments. The network reaches about 2.6% of the total population of six million.

The sectors with the greatest connectivity overall are the private sector, some divisions of the state and municipalities in Asunción, a limited number of universities, non-governmental organisations (NGOs), cooperatives and private users.

The service offered by any of the private operators depends on the bandwidth offered by COPACO, which is typically unstable, slow and expensive.

Over the past two years COPACO has decided to get into the market to compete with the private sector companies in order to lower the costs of service. However, this is considered unfair competition by other market players,

because COPACO still controls the main telecommunications infrastructure in the country.

Finally, we should point out that one of the main factors influencing the telecommunications environment is that the government has not carried out the reforms and restructuring that other countries underwent in the 1980s and 1990s. The decentralisation of the management of telecommunications is one of the pressing issues on the agenda of the new government.

### Action steps

The information society is no longer a topic of academic discussion and has become an important part of the agenda of development policies in almost all countries in the world. The adoption of this new paradigm based on information and communications technologies (ICTs) is closely related to the degree of a society's development. However, technology is not just a product of development, but also, to a large extent, one of its engines: it is a development tool.

There are a number of development possibilities in terms of ICTs that show potential in the most backward country in the region. These include the potential of using and optimising new technologies in some 100 telecentres throughout the country and deepening the experiences of technological convergence between ICTs and radio through greater coordination between various stations for coverage of events of national significance (this takes advantage of the fact that radio remains the most widely used medium in Paraguay).

While the decentralisation of internet services currently handled by the government monopoly is a must, there is also a need for increased coverage of ICTs in the media, including coverage of the relationship between youth and ICTs (68.3% of the population is under 30 years old).

We can suggest the following action points:

- Promote and encourage national dialogue on the role of technological change and innovation in economic and social development.
- Generate proposals that promote the decentralisation of internet use and the democratisation of access to radio spectrum in order to end the state monopoly.
- The popularisation and democratisation of access to science and knowledge and the application of this to the social needs of Paraguay.
- Promote policies of science, technology and innovation in accordance with policies of macroeconomic stability. These should be in line with social policies that address poverty and inequality. ■

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**GLOBAL INFORMATION SOCIETY WATCH 2008** is the second in a series of yearly reports critically covering the state of the information society from the perspectives of civil society organisations across the world.

**GLOBAL INFORMATION SOCIETY WATCH** or **GISWatch** has three interrelated goals:

- **Surveying** the state of information and communication technology (ICT) policy at the local and global levels
- **Encouraging** critical debate
- **Strengthening** networking and advocacy for a just, inclusive information society.

Each year the report focuses on a particular theme. **GISWatch 2008** *focuses on access to infrastructure* and includes several thematic reports dealing with key access issues, an analysis of where global institutions stand on the access debate, a report looking at the state of indicators and access, six regional reports and 38 country reports.

**GISWatch 2008** is a joint initiative of the Association for Progressive Communications (APC), the Humanist Institute for Cooperation with Developing Countries (Hivos) and the Third World Institute (ITeM).

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2008 Report

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