



Karen Coppock, *Harvard University*
Colin Maclay, *Harvard University*
with **Luis Adriano Calero**, *Oracle Ecuador S.A.*

“ We (public and private sector) need to sell an Ecuador of business opportunities and economic stability.”

—*Ecuadorian IT manager*

“ There are no policies and strategies for IT within the government.”

—*Ecuadorian IT manager*

Recent political turbulence, including four presidents in five years, popular protest, and dollarization of the economy, has strained Ecuador's economy and reputation, and is reflected in the nation's overall seventy-first ranking in Networked Readiness.

Ecuador is projected to have the hemisphere's highest inflation rate in 2001 (29 percent), and poverty has leapt from the Latin American average of 40 percent to 69 percent.¹ Despite having one of the world's higher economic growth rates in 2001 (5 percent),² Ecuador continues to face such challenges as an inadequate education system, uneven ICT infrastructure, and heterogeneous population. The government created the National Connectivity Commission in August 2001 to foster cost-effective and universal access to ICT for social and economic development (Ranking in ICT as Government Priority: 67). Community and business leaders also have been working to support ICT adoption broadly, although the scope of cooperation with government is unclear, partly due to the early stage of the government's Connectivity Agenda.

Over 60 percent of telephones are in Quito, Guayaquil, and Cuenca, although these cities account for only one-third of the country's population.³ Teledensity in urban areas is almost four times greater than in rural areas, where 36 percent of Ecuadorians live.⁴ High combined telephone and Internet access costs and two PCs per hundred people have driven the trend toward community access. In June 2000, the government formally legalized cyber cafés (Ranking in Public Access to the Internet: 49), including limited use of Voice over Internet Protocol (VoIP) service.

The chief regulator predicts that teledensity will double in two years, and that mobile telephony, which has benefited from fixed line deficiencies, should increase by 300 percent. Recent double-digit growth in cellular telephony indicates telecommunications demand. To improve service and

facilitate domestic Internet traffic, private-sector providers have teamed with the regulator to create Latin America's sixth Network Access Point (NAP).

The government has focused on improving the quality of education and increasing literacy but has disregarded the potential role of information technology. Public and rural educational institutions have little access to advanced technologies (Ranking in Internet Access in Schools: 57). Private and higher education institutions are far more likely to use technology. Private companies have done little to build internal ICT capacity, believing that it will not yield benefits.

While Internet access rates are low, and very little of Ecuador's society and economy uses ICT, dial-up Internet accounts grew by about 55 percent in 2000.⁵ FODETEL, a government telecommunications development fund financed by revenues from the state's two main telecommunications providers, has slated initial projects for access in remote areas.

Networked Readiness is still elusive in Ecuador, but there are businesses producing software and services for domestic and export markets (Ranking in Availability of Local IT Services: 55). The government does not conduct business via the Internet, yet there is a Web portal for the state, and many agencies have established an online presence offering varied information resources.

After a decade of failing to privatize state-owned telecommunications companies (Ranking in Effect of Telecommunications Competition: 71), the National Modernization Commission announced that, instead of selling them outright, it would seek partners to increase their efficiency (for a management fee) to make them more attractive to investors. Concerns remain about the general business climate in Ecuador, due to limited access to capital, difficulty in starting new businesses, and an insecure legal environment, all of which deter foreign investment.

Key Facts

Population	12,600,000
Rural population (% of total population) 1999	35.70 %
GDP per capita (PPP)	US\$3,068
Global Competitiveness Index Ranking, 2001–2002	68
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	58
Main telephone lines per 100 inhabitants	10.00
Telephone faults per 100 main telephone lines	48.00
Internet hosts per 10,000 inhabitants	0.18
Personal computers per 100 inhabitants	1.98
Piracy rate	65.00 %
Percent of PCs connected to Internet	0.77 %
Internet users per host	789.47
Internet users per 100 inhabitants	1.42
Cell phone subscribers per 100 inhabitants	3.81
Average monthly cost for 20 hours of Internet access	US\$20.61

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