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“ We have to build an e-government model because the Peruvian government is the biggest buyer in my economy, so if it starts buying over the Internet, all the providers would go to the Internet.”

—*Peruvian IT manager*

“ One of the main problems is coordination between [the] private and public sector[s] regarding IT business.”

—*Peruvian IT manager*

After a controversial, decade-long civilian government that generated economic growth and modernization, along with political corruption, there is notable new enthusiasm in Peru. There have been important macroeconomic improvements and significant telecommunications investments, but Peru faces substantial economic, social, and technological barriers to joining the Networked World. The nation is ranked fifty-second overall in the Networked Readiness Index.

Peru's information infrastructure has improved significantly (between 1993 and 1999, the number of fixed lines and network digitalization nearly tripled, and there is a new undersea cable)¹ since privatizing the state provider. Though all markets are officially competitive, Telefónica remains dominant in telephony, Internet provision, and government influence (Ranking in Effect of Telecommunications Competition: 45). There is significant competition in some markets in Lima, Peru's capital and largest metropolitan area.

The limited competition that existed until 1999 led to some of the region's highest telephony prices, a lower teledensity than its poorer neighbor, Ecuador, and little growth in lines since 1997. In 1999, telephone access was uneven; Lima had more than 15 percent teledensity, while Arequipa and Tacna (the next most populous departments) had about 8 percent, and seventeen of the remaining twenty-one departments had fewer than 4.2 lines per 100 people.²

Recognizing the importance and difficulty of public ICT access, in 1994, the Red Científica Peruana (RCP) began to introduce *cabinas públicas*, or public cabins. RCP's awareness campaigns and support for entrepreneurs ignited a trend that resulted in establishment of an estimated 1,500 public-access points around Lima and the nation. Public Internet service costs about 40 percent of home telephone access (not including the cost to purchase a computer or use an ISP)³

(Ranking in Public Access to the Internet: 13). The public-access points also offer VoIP, with international calls often costing less than 20 percent of the official rate.

In October 2001, the government launched the ambitious Plan Huascarán as part of an effort to rebuild the public education system that prepares 85 percent of all Peruvians, and to promote democratic participation and a self-sufficient population. While the details are unclear, the plan is to network approximately 5,000 state grade schools nationwide. Many observers fear that the emphasis is on technology rather than education. EDURED, an earlier Education Ministry program, connected nearly 271 schools for collaborative learning projects through technology, but suffered from the lack of a connectivity budget⁴ (Ranking in Internet Access in Schools: 46).

The new government is interested in ICTs, particularly for their democratization potential, but many involved in ICT decry the lack of leadership or clear strategy for creating a networked nation (Ranking in ICT as Government Priority: 56). Several studies and plans have been undertaken recently by multisectoral groups, suggesting popular support and resources for decision making. Previous governments have been proactive in creating online content (including a national Web portal, online customs payments, and national current accounts database), and created the FITEL fund to subsidize rural telephony and Internet access. The National Institute of Statistics and Informatics (INEI), regulator OSIPTEL, and, in particular, the Peruvian e-Commerce Institute (IPCE) have gathered more extensive Networked World insights than most developing nations, but the government has little capacity to use them.

Instability and limited access to capital have slowed the growth of new technology businesses, but an IPCE survey claims that there are thirty-five e-commerce servers in Lima, and about 4 percent of Lima households have purchased goods online.⁵

Key Facts

| | |
|---|------------|
| Population | 25,700,000 |
| Rural population (% of total population) 1999 | 27.58 % |
| GDP per capita (PPP) | US\$4,797 |
| Global Competitiveness Index Ranking, 2001–2002 | 55 |
| UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample) | 52 |
| Main telephone lines per 100 inhabitants | 6.37 |
| Telephone faults per 100 main telephone lines | 17.11 |
| Internet hosts per 10,000 inhabitants | 4.17 |
| Personal computers per 100 inhabitants | 3.51 |
| Piracy rate | 61.00 % |
| Percent of PCs connected to Internet | 1.03 % |
| Internet users per host | 43.34 |
| Internet users per 100 inhabitants | 1.59 |
| Cell phone subscribers per 100 inhabitants | 4.01 |
| Average monthly cost for 20 hours of Internet access | NA |

RANK

Networked Readiness Index **52**

Network Use component index **44**

Enabling Factors component index **62**

■ Network Access **48**

Information Infrastructure 47

Hardware, Software, and Support 48

■ Network Policy **61**

Business and Economic Environment 60

ICT Policy 62

■ Networked Society **58**

Networked Learning 55

ICT Opportunities 64

Social Capital 55

■ Networked Economy **59**

e-Commerce 62

e-Government 50

General Infrastructure 65