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> " Venezuelan financial systems are Jurassic."
>
> ***—IT manager, Venezuela***

> " There is a lack of coordination between the public and private sector to pursue an IT action program in the long run, even though there are plenty of initiatives in both sectors."
>
> ***—IT manager, Venezuela***

Perceived as one of the most attractive, undeveloped ICT markets in Latin America, Venezuela continues to garner significant interest despite recent social and economic instability. Hard times have resulted in brain drain, decreased investment, and general insecurity. Venezuela is ranked fiftieth overall in the Networked Readiness Index.

During the 1990s, telecommunications grew from 1 percent to 3 percent of GDP and was the economy's most dynamic sector.[1] The decade included the 1991 privatization of CANTV, the end of its monopoly in November 2000, and the rise of mobile telephony. With the economic slowdown in 2000 and 2001, telecommunications investment as a share of GDP decreased from nearly 6 percent in 1994–1996, to less than 1 percent in 1999–2000, and investments planned for the November 2000 deregulation were delayed.[2]

Access to the international telecommunications backbone is good, but only 69 percent of lines are digital, and infrastructure is concentrated in cities[3] (Ranking in Information Infrastructure micro-index: 40). Wireless teledensity increased tenfold between 1996 and 2000,[4] and is among the highest in Latin America. The rise was largely due to the high cost and poor quality of fixed-line telephony before competition, which led people to substitute mobile for fixed telephony (whose total lines have decreased since 1997). There are more than sixty licensed ISPs, but CANTV Servicios and Telcel control over 90 percent of the Internet market (Ranking in Effect of ISP Competition: 37).

There are stark differences between public and private education, and basic and higher education. Public schools serve most students, and are deficient in programs, functioning, attendance, student retention, and ICT access. Fewer than 30 percent of public elementary schools have telephones (2 percent have PCs), while 80 percent of private schools have them.[5]

The higher education system includes twenty-two schools of computer science, engineering, and systems, with approximately 20,000 students, and there are thirty more technological institutes and universities with more than 30,000 enrolled[6] (Ranking in Quality of IT Education: 52).

More than 60 percent of Internet users are in Caracas.[7] Most users come from the 20 percent of the population that earns in excess of US$370/month, but the 60 percent of the population living in critical and extreme poverty[8] has no meaningful ICT access because of educational deficits, limited resources, and high costs (Ranking in Public Access to the Internet: 54). There are pilot initiatives to promote Internet access in poor and rural areas, but their efficacy is unproven.

In 2000, there were approximately 240 dot-com businesses (Ranking in Dot-com Competition: 59), accounting for an estimated US$213 million in B2B e-commerce (mostly large corporations, including petroleum, electricity, telecommunications) and US$16 million in B2C e-commerce (personal services).[9] Most of the activity is in Caracas, where there is also a budding software industry.

The Venezuelan government is automating its processes and recently created an e-government Web portal, but it has had limited success in putting agencies and services online (Ranking in Online Government Services: 68); notably absent is about US$9 billion in annual procurement. There are no special programs to encourage businesses that use or export ICTs.

The government has promoted ICT use by creating the legal and regulatory environment and formally designating ICT a national development priority (Ranking in ICT as Government Priority: 47). The regulatory framework is designed to promote competition and has attracted foreign investors, but it remains unclear if the policies will be enforced effectively.

Venezuela

Key Facts

Population	24,200,000
Rural population (% of total population) 1999	13.38 %
GDP per capita (PPP)	US$5,677
Global Competitiveness Index Ranking, 2001–2002	62
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	46
Main telephone lines per 100 inhabitants	10.78
Telephone faults per 100 main telephone lines	3.50
Internet hosts per 10,000 inhabitants	6.68
Personal computers per 100 inhabitants	4.55
Piracy rate	58.00 %
Percent of PCs connected to Internet	1.47 %
Internet users per host	58.81
Internet users per 100 inhabitants	3.93
Cell phone subscribers per 100 inhabitants	21.74
Average monthly cost for 20 hours of Internet access	US$25.34

	RANK
Networked Readiness Index	**50**
Network Use component index	**50**
Enabling Factors component index	**55**
Network Access	**46**
Information Infrastructure	40
Hardware, Software, and Support	51
Network Policy	**53**
Business and Economic Environment	65
ICT Policy	40
Networked Society	**55**
Networked Learning	52
ICT Opportunities	54
Social Capital	58
Networked Economy	**57**
e-Commerce	50
e-Government	59
General Infrastructure	62