A4AI-MYANMAR COALITION MEETING

28 July 2015, 8:30-16:00
Conference Hall, MICT Park
Yangon, Myanmar

Summary Report of Meeting

At the launch of the Alliance for Affordable Internet (A4AI)'s activities in Myanmar on the 26th of March 2015, participants clearly recognised the need for further policy and regulatory reforms to achieve the target of extending broadband services to 50% of Myanmar population by 2020. They agreed to form a national coalition, coordinated by A4AI, to work together towards finding common solutions to the challenges facing them in their pursuit to expand access in the country.

They prioritised the following four themes for their collaborative work:

➢ Establishment of a Universal Service and Access Fund
➢ Infrastructure deployment and sharing
➢ Reforms in taxation and tariffs
➢ Evidence-based decision-taking through data collection, research and analysis

In line with A4AI's country engagement process, a meeting of the A4AI-Myanmar Coalition was organised on the 28th of July 2015 to deliberate upon and to develop the work plan of the coalition's working groups. Soon after the first multi-stakeholder forum organised by A4AI in March, a number of stakeholders signed up to be a part of the four working groups that met to develop their work plans for the next three years during the coalition meeting.

To assist with the issues pertaining to each of the four working groups, a panel discussion was organised at the beginning of the day with key experts. The panellists were:

-   Mr. Parvez Ifthikar, Former CEO of Pakistan's USF
-   Mr. Ed Ratcliffe, Vriens & Partners
-   Ms. Radhika Wijesekera, LIRNEasia
-   Mr. Bill Garrison, consultant to the Myanmar Ministry of Communications and IT
-   Mr. Zaw Min Oo, Myanmar Computer Federation
-   Ms. Cindy Khin Khin, Myanmar Computer Federation
-   Mr. Nyi Nyi Aung, Myanmar Ministry of Finance
-   Professor XXX XXX XXXX of Myanmar Computer Federation

Outcomes of the panel

Infrastructure sharing

- The newly passed Telecoms Act is quite modern and flexible and is unequivocal on two counts that (a) the telecom practice should avoid unnecessary costs and (b) all attempts should be made to avoid any damage to the environment. Any violation on the above can be prosecuted in the court of law. However, what is a bit ambiguous here is the question of which costs are unnecessary. Does the definition of unnecessary costs include that of infrastructure sharing so as to ensure fulfilling the clause?
- Licence rules (sec. 20) states that the licensees may consider sharing their infrastructure, thus making the clause optional rather than a mandatory one.
- Similarly, the cyber policy also includes tower sharing and that of sharing ducts, however, the question remains as to what incentives would make it compelling for the operators to share.
- So far, the two new operators have tried their best to overcome a number of challenges towards sharing their infrastructure. Their efforts must be sustained and supported.
- Currently, there are no clear standards for infrastructure sharing. This warrants basic standards to facilitate interconnections between the carriers and to encourage joint investments.
- The capacity of the regulator is understood to be limited. Any template or a model policy from other countries on infrastructure sharing might help to speed up the process of standards development.
- The ICT development council led by the Vice President may be asked to address the issue. It is also important to study the challenges facing the operators in infrastructure sharing with a view to recommending to the council the possible way forward. It is important to incentivise the practice rather than mandating infrastructure sharing.
- One of the solutions Myanmar could consider is that of stakeholders investing in tower companies as well as power companies.

Taxation issues

- When it comes to the issue of taxation, the main issue appears to be that mind-set rather than anything else. Government has traditionally been ineffective in enforcement and in implementation of taxation.
- The government in power is in fiscal deficit and a good percentage of people are yet to come into the tax net – it appears that taxes are the easiest solution for the government to raise some revenues. As of now, ICT services have been exempted from commercial tax.
- Also, at present, there is no single information gateway where one could find out the taxation policy vis-à-vis ICT services.
- On taxes on equipment, it is understood that if the importing company is a small business (100K Lacs) they are exempted from corporate tax. Otherwise, in all general cases, the customs department is empowered to use its discretion.

- At present, for importing any equipment for telecom sector, the PDT has been empowered to issue a clearance certificate (it is not for importing equipment, but to get clearance for importing on the basis of the PDT standards).
- There is no tax exemption for telecom licensees as of now, if the equipment is for sale; but, if it is seen as a part of the investment, then there is a clause that could help impose tax exemption.
- Taxes are applied for importing microwave experiments. It is also understood that most of these taxation policies are decided between the ministry and the regulator. There is however a need for seeking clarifications from the Myanmar Foreign Investment Board in regards to importing telecom equipment.
- On tariff, it was reported that even the lowest license fee is not affordable to a number of small players. Only when one plans a nation-wide network/service, these tariffs are affordable. At present, obtaining licence is a long-drawn process and the opportunity cost of obtaining a license is quite high, and more so for people who apply from far flung areas.

Data and Research

- Most basic data on ICTs is difficult to find, and there is a strong case for researchers to play a vital role in terms of collecting, collating and analysing all data that are most needed for decisionmaking. In addition, it is understood that there is a need to measure the impact of mobile telephony in the lives of common people, especially the poor households living in remote locations.
- It is important to research the demand-side requirements in order for the policymakers to be convinced of their investment priorities.
- As much as it is important to collect data and conduct research on telecom issues, there is a need for making data open for researchers to use. In the absence of data availability, not only do organisations end up spending their own resources, but they are having to carry out multiple research studies on the same population. Collaboration among research institutes, government departments and all other relevant actors should be encouraged.
- A4AI Coalition in Myanmar could look at the various datasets and standards in practice to recommend the common data sets and standards applicable to Myanmar. There is also problem with the data structure and their presentation. Again, application of standards might help to resolve the issue.
- Private data researchers such as IDC and others should be encouraged to share their data collected in Myanmar rather than selling the analysed data at an exorbitant rate.

Universal Access

- There is a greater understanding today that in order to decide the type of projects that could be supported through USAF, there is a need to map out data on a variety of issues relating to geography, unserved and underserved areas, strata of society, and data on those living below the poverty line. Establishing a GIS system in order to map the following types of data is recommended
    - o Geographic data on the map
    - o Population of each geography
    - o Topography of each geography
    - o Information from the operators on service deployment (their roadmap)
- There is a real concern that most of the operators find it challenging to operate in difficult terrains; hence, they are not entirely supportive of the establishment of a USAF. Focusing too much on whether or not a Fund should be established is not a good idea – it is already envisioned by the law and it will be necessary, therefore it was agreed that a plan needs to be made now as it takes a few years to materialize and set up.
- It is important to plan for the Fund in spite of the fact that the inflow of funds is only scheduled to come in 2018, as established in the operators licenses. Stakeholders should begin developing the data, rules, structure, etc., which will be helpful for decisionmaking.
- It is already established that 2% of operator revenue will be contributed starting in 2018. If the operators fulfill all obligations, they get a two-year exemption. This would mean that the inflow would start from 2020, if not from 2018.