

Connectivity Scorecard 2011

Colombia



Colombia
4.06

	Score	Weight
Consumer Infrastructure	0.52 (0.88)*	0.15
Consumer Usage and Skills	0.59 (0.70)*	0.15
Business Infrastructure	0.33 (0.64)*	0.49
Business Usage and Skills	0.36 (0.71)*	0.14
Public sector Infrastructure	0.41 (0.83)*	0.06
Public sector Usage and Skills	0.46 (0.68)*	0.02

*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

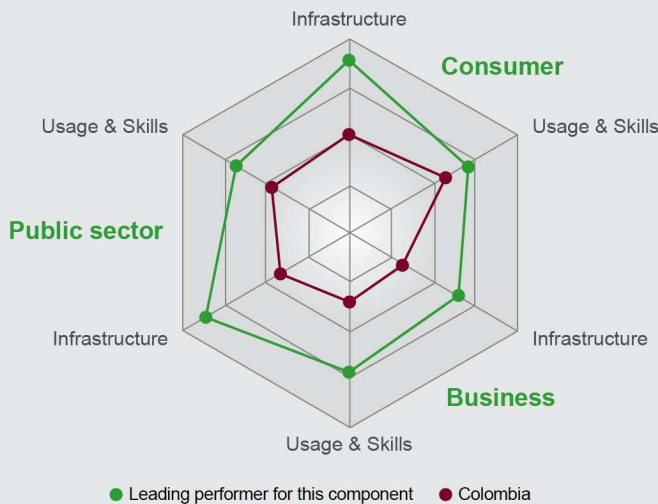


Fig 1: Component Scores 2011

Overview

With an overall score of 4.06, Colombia ranks 10th within the resource and efficiency-driven¹ economies in the Connectivity Scorecard 2011, although dropping one place since last year.

The country features in the top-10 performers, ahead of many key Asian and African nations studied, but loses out to its Latin American neighbors Chile, Brazil, Argentina and also Mexico, which climbed to 7th place thus widening the gap between the countries.

Strengths

Colombia scores 0.52 and 0.59 in consumer infrastructure and consumer usage and skills components respectively, performing moderately well with the highest score in the first component, and performing fairly well in the latter. The country does well in terms of Internet users per 100 inhabitants and international internet bandwidth. In addition, it also has a relatively strong broadband penetration, which is comparable to Brazil, although both nations lag behind the top-three performers Malaysia, Argentina and Chile. Colombia also has a high literacy rate, reflected in a high score of 0.94 (on a scale of 0 to 1).

Colombia's public sector segment also performs fairly well, although its contribution to the overall score is limited due to the relatively low weighting provided to this component. The country scores 0.41 and 0.46 in terms of public sector infrastructure and usage and skills respectively. Colombia ranks 1st in UN E-government online service index and 2nd in e-participation index among 25 countries studied.

¹ As defined by the World Economic Forum www.weforum.org

Weaknesses

The weak link in Colombia's otherwise relatively strong performance is the ICT enablement of its business sector. Colombia's business infrastructure score stands at a low of 0.33 while it performs marginally better in business usage and skills with a score of 0.36. The latter in particular is a considerable drag on Colombia's performance, as it is weighted as 49 per cent of the total score.

Colombia's weak performance within the business segment is illustrated by the fact that the only individual indicator on which it earns relative scores of 0.5 or greater (on a 0 to 1 scale) are international internet bandwidth per capita and secondary school enrolment, though this too is about the same as the median score within the wider peer group.

Conclusions

Colombia's overall performance reflects its macro-economic constraints and its limited ability to attract sufficient investment rather than any specific failings of regulation within the sector.

In fact, Colombia's strong performance in the public sector is attributed to the early liberalization of the telecommunications sector in the 1990s, when local and long-distance telecommunications services were opened up, and the subsequent formation of an independent regulatory body, the Commission for Telecommunications Regulation (CRT). Since then the country has attracted foreign investment in this sector. For example, Bell South had wireless operations in Colombia that were later sold to Telefónica, and the two main mobile operators in Colombia currently – America Movil and Telefónica – are both foreign-owned. In July 2009, Colombian president Álvaro Uribe approved a new law to regulate information and communication technologies (ICT) in the country. The new text, which consists of 73 articles, establishes a regulatory framework for the future development of public policies and regulation for the telecoms sector, focusing on areas such as competition, customer protection and service quality, technology promotion, and spectrum management. The ICT Ministry increased the minimum download speed required for broadband connections from 512 Kbps to 1024 Kbps and the upload speed from 256 Kbps to 512 Kbps in 2010. This will help SME sector and contribute to economic growth in the future.

It would also be fair to say that Colombia's relatively poor performance compared to its South American peers is

Rank [°]	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

*last year's rank in parenthesis

Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

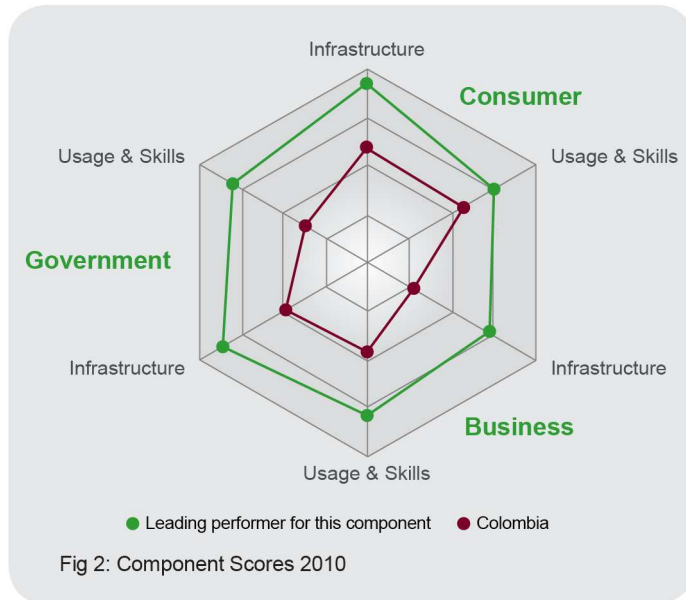
more a reflection of its economic status (it is a poorer nation), rather than a specific feature of telecommunications policy or the sector.

In Colombia's case, therefore, the most effective strategy to attract more ICT investment would appear to involve improvements in areas such as political and macro-economic stability, and in human development measures such as secondary and tertiary educational enrolment.

2011 vs. 2010

Colombia scored 4.06 and ranked 10th this year compared to 4.76 and 9th rank in 2010. For the resource and efficiency-driven economies, two major factors drive the difference in scores and rankings this year.² First, there is the use of new weights that have a particular

² For more information download the Connectivity Scorecard 2011 Report from www.connectivityscorecard.org



effect on the split between “infrastructure” and “usage and skills” in the business and public sector

components of the Connectivity Scorecard. Using Conference Board data we are able to obtain weights specifically for the relative contributions of ICT capital and labour force improvements to economic growth, from which the split between infrastructure (capital) and usage and skills is derived. In general, this change has resulted in more weight put on the “business infrastructure” component than in previous versions of the Connectivity Scorecard. Further, the inclusion of new indicators has made a significant difference to countries’ relative performance on the business components of the Scorecard. This has been discussed in detail above.

The Connectivity Scorecard is based on comparative scores between countries, and, therefore, each country’s performance is measured in relation to the best performing nation in each component at a given point of time. As with other indices of relative rankings, it is therefore hard to interpret the Scorecard in terms of absolute “improvements” or “deteriorations” and to make comparisons of scores over time.

About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of “useful connectivity”. That is,

not only on the deployment of ICT infrastructure but also to measure the extent to which consumers, businesses and the public sector “make use” of connectivity technologies to enhance social and economic prosperity. This “useful connectivity” is defined as the bundle of infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted by the consulting firms Berkeley Research Group and Communea.

For more information on the Connectivity Scorecard, visit www.connectivityscorecard.org

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