

# Connectivity Scorecard 2011

## Syria



Syria  
2.11

|  | Score        | Weight |
|--|--------------|--------|
| <b>Consumer</b><br>Infrastructure        | 0.26 (0.88)* | 0.15   |
| <b>Consumer</b><br>Usage and Skills      | 0.59 (0.70)* | 0.15   |
| <b>Business</b><br>Infrastructure        | 0.09 (0.64)* | 0.50   |
| <b>Business</b><br>Usage and Skills      | 0.26 (0.71)* | 0.16   |
| <b>Public sector</b><br>Infrastructure   | 0.06 (0.83)* | 0.04   |
| <b>Public sector</b><br>Usage and Skills | 0.02 (0.68)* | 0.01   |

\*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

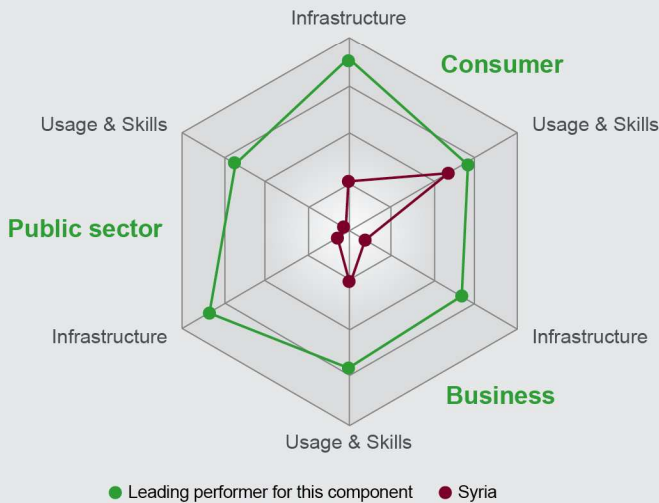


Fig 1: Component Scores 2011

### Overview

Syria (officially the Syrian Arab Republic) is a new entrant to the Connectivity Scorecard. With an overall score of 2.11, Syria ranks 17<sup>th</sup> among its peer group of 25 resource and efficiency-driven<sup>1</sup> economies. This performance puts it ahead of Egypt, which ranks 20<sup>th</sup>, but just behind Iran which is in 15<sup>th</sup> position. Its neighbor Turkey, however, is quite far ahead in 4<sup>th</sup> position.

### Strengths

Syria's strength lies in the consumer usage and skills area, where the "fixed minutes of usage" metric is the highest in consumer usage and skills component among resource and efficiency-driven economies. What drags the country's score to 0.59 compared to best performer's 0.70, are the low number of internet subscribers and the below average adult literacy rate in the group countries analyzed. Syria also performs relatively well in secondary school enrollment metrics.

The launch of 3G services in 2008 was expected to boost both the mobile and internet sectors where there are opportunities for the addition of value-added services. In September 2010 the Syrian government officially started the process for issuing Syria's third mobile license. By December 2010 five operators had entered the pre-select phase. The winner was to be announced in April 2011. The imminent introduction of a third license is expected to drive penetration. Potential changes to the current operating BOT licenses would aid further investment and growth.

### Weaknesses

Syria's weakness lies in consumer and business infrastructure components. The country's consumer

<sup>1</sup> As defined by The World Economic Forum [www.weforum.org](http://www.weforum.org)

infrastructure remains an area of focus receiving a score of 0.26 – compared to the top performer in the component which scores 0.88 – which indicates poor basic infrastructure, particularly in the fixed-line sector. The country’s score in business infrastructure is 0.09 compared to 0.64 of the top performer. Unfortunately the weight for it is 50 per cent which affects the overall score heavily.

The penetration rate of fixed broadband access in Syria is extremely low (0.16 subscriptions per 100 inhabitants in 2009<sup>2</sup>), indicating both the potential for improvement but also the challenge involved in expanding networks that require significant investments. A barrier to broadband take off is the high cost of broadband connections. In the public sector usage & skills component, Syria’s result is a really weak 0.02 compared to the best performer’s 0.68.

### Conclusions

Syria’s performance can be improved significantly, and there are some positive indicators within the existing data. When compared to nations with similar income levels, for example, its literacy and basic educational achievement rates are relatively strong, reaffirming the potential for good use of infrastructure. Both fixed and mobile telephony usage are clearly at the top of the list. However, when compared to Egypt, Iran and Tunisia, Syria has the lowest GDP per capita and still achieves relatively good overall performance compared to the others. Therefore it is clear that investing in consumer and business infrastructure, especially the fixed broadband and Internet sector, gained benefits that would significantly boost socio-economic growth.

Syria has a low penetration level in fixed access lines (17% in 2008) and 44 mobile subscriptions per 100 inhabitants in 2009. This leaves room for growth and tremendous opportunity for mobile service providers. It remains to be seen how country’s regulatory environment changes and liberalization impact’s on mobile sector.

Syria's telecoms regulatory authority and policy maker is the Syrian Telecommunications Establishment (STE). STE is subordinated to the Ministry of Communications and Technology. STE is also the incumbent Syrian operator and has a monopoly over fixed-line services and the national backbone, so there is no independent regulatory body. Limited capacity and availability of STE's infrastructure remains as one of the main obstacles preventing the Syrian telecoms industry from reaching its full potential.

<sup>2</sup> ITU

| 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

Syria’s telecoms industry is partially liberalized. The sector remains heavily regulated with industry players accusing the government of excessive controls, which in turn hinder competition and increase prices. This leaves Syria with one of the highest tariffs in the region and a large chunk of its population unable to afford telecoms services as they are disproportionately expensive for the average spending power of Syrians.

The fixed-line market is a monopoly in hands of state-owned incumbent STE, also dominant in the internet segment with its Internet units, STE ISP and Aloola. Mobile competition started in 2001. The sector is a duopoly between MTN Syria and SyriaTel, Mobile licenses are based on very restrictive build-operate-transfer (BOT) guidelines.

Syria’s total score of 2.11 compared to Turkey’s 5.51 is no big surprise. Syria lags behind in all infrastructure components but is ahead in both consumer and business

usage and skills components. The public sector component, having only 5 percent weight, has little impact on the total score. Therefore if Syria wants to be on the same level as Turkey - as an information society – a clear focus and investments need to go to the telecommunications infrastructures, business infrastructure in particular. Also opening fixed telephony and broadband to competition would draw international investments into the country.

### 2011 vs. 2010

Syria entered the Connectivity Scorecard for the first year, with a score of 2.11 and a rank of 17<sup>th</sup>. For the resource and efficiency economies, two major differences drive the difference in scores and rankings this year<sup>3</sup>. First, there is the use of new weights that have a particular effect on the split between “infrastructure” and “usage and skills” in the business and public sector components of the Scorecard. Using Conference Board data, it is possible 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 Scorecards. 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 segment at a given point of time. As with other indices of relative rankings, it is difficult 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 Commuicea.

For more information on the Connectivity Scorecard, visit [www.connectivityscorecard.org](http://www.connectivityscorecard.org)

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<sup>3</sup> For more information download the Connectivity Scorecard 2011 Report from [www.connectivityscorecard.org](http://www.connectivityscorecard.org)