

Chapter XXI

Potential Challenges and Benefits of Information Technology and Economic Development in Sri Lanka

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ABSTRACT

This chapter discusses the potential challenges and benefits of information technology and economic development in Sri Lanka by reviewing the awareness and readiness of the selected opportunities. This chapter also identifies the enabling factors and bottlenecks, and forecasts the future growth of ICT developments in Sri Lanka as a host in Asia. Furthermore, developing ICT, professional services, and offshoring opportunities should be a high priority for the development strategy of the country. This chapter presents the findings from the survey that assessed the potential for ICT in Sri Lanka. Sri Lanka is an island state of contrasts in terms of its economic development and ICT capability. Research on a Web survey of government institutes revealed that 30% of ministries in the country do not have Web sites or may not have Web access since they are inactive. 38% of the ministries are still in the infant stage, and information available on Web pages is often little in content and limited to a few pages. Only about 17% of ministries offer interactive Web content, where users have access to regularly updated information, can communicate through e-mail, and can download government documents through the Internet. 15% of the ministries provide some online services to the citizens. Public- and private-sector economic entities do not develop Web sites in the local language; all Web sites are in English even though 80% of the population depend on their own local language. The majority in Sri Lanka do not speak English.

INTRODUCTION

The software and telecom sectors of Sri Lanka's ICT industry, despite many problems and a rela-

tively small size, are thriving. There are nonetheless a number of significant problems facing the industry. They include the lack of transparency in government acquisitions (the largest prospective

client), lack of moderately priced international bandwidth, lack of trained ICT professionals and a management class knowledgeable about ICT, and the existence of a tax structure that does not reward local sales. In recent years, the United States Agency for International Development (USAID) has funded a number of projects aimed at increasing the competitiveness of various industries in Sri Lanka, and ICT is one of its prime focal points. Its ICT-sector studies are well done, and their recommendations, if followed, will help guide the industry. There is some danger that it may widen its scope to include the application of ICT in peripheral areas, and as a result dilute its resources and no longer focus on the original crucial targets. The use of ICT in the commercial sector in general is irregular. Some financial institutions have invested heavily in ICT, and as a result are country leaders in the use of technology.

Other sectors are far behind, and their use of ICT is spotty at best. Even those companies that have invested in ICT often do so in restricted ways that are poorly integrated into their businesses. The same is true of the use of the Internet. In part, this is related to the small percentage of Sri Lankans with access to the Internet, but the prime reason is, no doubt, the low level of managerial knowledge about the ICT capabilities in the business area.

At all levels of aggregation, statistics about any aspect of ICT in Sri Lanka are highly misleading and can be deceptive when used for policy purposes. Virtually all ICT activity is centered in Colombo, with small pockets in the Galle and Kandy areas. There is clearly a desire to spread ICT development over a wider geographic area than just Colombo, but it appears that it is not going to be an easy task.

The regions outside of the urban areas are particularly poorly served with respect to electricity and telecommunications. Moreover, the rural areas do not provide the level of comforts and conveniences often (but not always) expected by people with the high-end technical and manage-

rial skills needed to drive this sector. Lastly, the supply of lower level technical skills is substantially lower in these regions. The shortage of knowledgeable teachers and trainers willing to work in rural areas compounds and propagates the problem. The regions currently under Liberation Tigers of Tamil Eelam (LTTE) control or in dispute are a special case. They are subject to the above problems, but there are also opportunities should the peace process be successful. The areas will need massive rebuilding of infrastructure. If this rebuilding is done intelligently, the new 21st century infrastructure will be a model to which other areas, and in fact countries, will aspire. The telecenter movement is in its infancy in Sri Lanka. Telecenters are community-based points of access to telecom and digital services. In many countries, telecenters have provided the focal point for introducing technology into rural areas, and in fact to disadvantaged groups in urban settings. The concept shows up in many reports and plans, but despite this, there are very few active telecenters. Of more concern is that the groups that are developing telecenter plans are doing this in isolation from each other and from the worldwide community, which has a rich body of knowledge on what works and what does not.

Sri Lanka is a country that depends on the support of developed countries and international agencies. Although this support is greatly appreciated, at times the donor agencies invest in ways that are, at best, uncoordinated and a poor use of scarce foreign funding and scarce domestic human and organizational resources. The support needs to be better integrated within national planning and priority setting exercises.

Sri Lanka tends to look exclusively toward countries such as India and Singapore for its models and alliances. Cooperative opportunities from other areas, and particularly those related to the British Commonwealth or the United Nations, seem to be particularly ignored, despite their potentially beneficial nature.

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