

## Private Sector challenges building Community Net Center in Urban (follow up WSIS Tunis Commitment)

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### Abstrak

*Indonesia is the largest archipelago, consist of 17,000 scattered islands, 70% is sea and waters, with 240 million people. Private sector participation in building community Internet center are much needed by developing countries in urban metropolitan area, because government effort in rural telecenter is very minute and most urban public Internet center are managed by bottom up private sector initiative*

*This paper shows among others, challenges, strategy & business model on how private sectors, majority are SME, united in an associations, can solve the problem of digital divide, by providing warnet /net café in urban.*

*Multi stakeholder Partnership (MSP) were keywords in the Geneva Action Plan and Tunis Commitments<sup>15</sup>, unfortunately in reality, we tends to forget about what we have committed and signed in Tunis ? Thus what next ? And what must be corrected ?*

*Resources for readers from developing countries, donor and global institution to set their strategy and moving forward to build Information Society in the developing countries.*

**Kata Kunci :** NetCafe, Warnet, MCI Center (Multipurpose Community Internet Center) , Telecenter

### 1. BACKGROUND

#### **From WSIS Geneva Plan to Tunis Commitment<sup>15</sup>**

Strategic Planning & Target were declared by Head of States & U.N at the Geneva WSIS Plan of Actions (Phase I, Dec. 2003) on Public Internet Access deployed in villages, schools globally by 2015 and Half of the world populations should be within Internet access (MDG Goal or the 50x15 initiative)<sup>15</sup>.

#### **Government & Private Sector Partnership**

APWKomitel signed MOU & declaration with Menkominfo Dr Sofyan Djalil , head of the Indonesian delegation to Tunis on Public Private Partnership (PPP) during APWKomitel presentation & showcase at the ITU Connect the World Partnership Pavilion<sup>3</sup> in Tunis. The actions were documented as country projects in ITU Golden Book directory<sup>2</sup>.

#### **Private Sector/Association Commitments**

With global & national commitments at WSIS, private sectors felt responsible to share the knowledge of sustainable digital cafe model (MCI Center)<sup>7</sup> for future digital community in preparation for World Information Society 2015 as Tunis commitment<sup>15</sup>. The commitment was then written in this paper.

#### **The Convergence of Media: Old , New Media and Mobile<sup>10,11,12,13</sup>**

Communication & information using traditional and new media facilitated by ICT for the Digital Community forming Digital Ecosystems..

Traditional media such as Radio & TV are still very important digital terminal to convey & broadcast information to the people in many rural places (ie: Papua). In Kothmale project, radio station was build next to a Telecenter, where community can search the Internet, largest& affordable library on earth and distribute the information further in local remote valley through FM Radio. This is effective convergence/synergy of modern and traditional

technology to bridge divide in remote community , as well in rural Indonesia.

Netcafe(Warnet)/Telecenter bring combination of fresh up to date information on demand using Google Search, Communications(Email, Chatting, Skype) and Collaborative Work group Computing (Yahoo mailing-list). Each online Individual now empowers to become publisher & broadcaster of information ( Blogger, Friendster, Wikipedia).

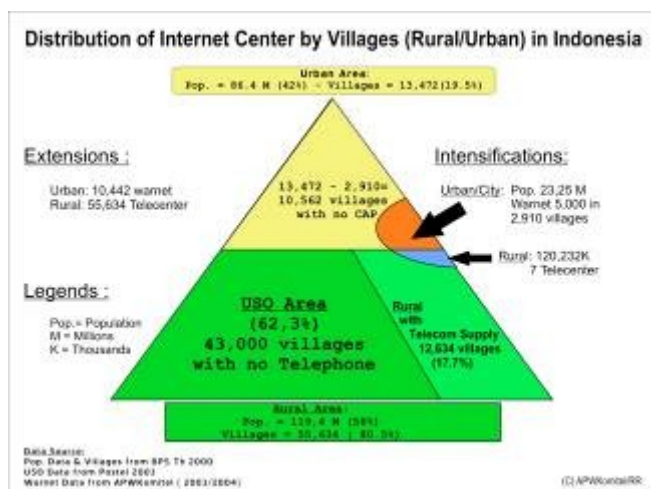
By now, we knew that Warnet or Internet Cafe is strategic and empower common people in emerging countries.

## 2. CHALLENGES



### Rural & Urban Digital divide in developing countries: Study from Mexico City Workshop

To brought the Geneva Plan in 2003 to Tunis actions and commitments in 2005, ITU set up a preparation workshop called Global Indicator Workshop on Community Access to ICT, in Mexico City November 2004. ITU encouraged developing countries to present their National ICT & Internet penetration Indicator & Readiness on how to implement Geneva Plan of Actions after one year of Geneva Summit.



Imagine, how can you implement a projects if you dont have any idea or indicator of the projects ? How can you proceed with a procurement tender, if you did not have the metric, inventory and measurement. Case Study: Government software procurement recently, with lack of information about the inventory and existing IT infrastructure.

The indicator is comprehensive compared with previous data on telecenter by differentiating People covered/within reached (Universal Access), Internet User and Internet Subscriber ( Universal Service). Digital divide were carefully classified between Universal Access and Universal Service to differentiate the actions by Intensification program (Infusion) to decrease this divide between Universal access and service (by increasing community that visit the warnet), but also Extension program (Diffusion) to increase the Internet User among the Universal Access (by increasing number of outlet) <sup>8</sup>

Unfortunately, APWKomitel found that the Data/ Indicator showed very little progress were made on Community Internet Access in Urban & much worse the effort made by Indonesian government in Rural villages, where many communities are still not within reached. This leave us with the question, what's next and how to be committed to the initial target of Geneva Action Plan & Tunis commitment?

Later this paper will try to explain why?

The issues are not merely technology availability anymore, but more on partnerships/collaboration on resources, sharing resources, regulations, financial mechanism and business model.

### Warnet is Strategic in Urban Metropolitan

Indonesian Netcafe (Warnet) became important and strategic, as more than 42% of the Internet User within **Universal Access** are using these Public-Internet-Center (PIC).

### Private Sector in Urban Cities

Indonesian indicator as case study presented by APWKomitel <sup>1</sup> reflects what might be common in developing countries. Private Sectors focus on the development of Public Internet Center(PIC) in Urban town and municipal, called Net café (or we call them Warnet in Indonesia), mostly profit oriented SME <sup>7</sup>, which are undisturbed by government. Meanwhile Projects initiated by government and donor focus on Rural PIC i.e: Sustainable Multipurpose Community Center (i.e:Telecenter Mount Semeru <sup>5</sup>)

Indonesian unique success story, where bottoms up independent participation of private sectors and communities building Netcafé (warnet) in Urban are more significant & facilitated by association (APWKomitel), probably in contrast for instance with urban Mexico, where initiative lead more by

Government institution and incumbent & weak Private Sector participation.

### 3. FUTURE PROSPECT & OPPORTUNITY

We can observed from the diagram, that there are still very big challenges ahead:

- **Urban area:** Already existed around 5,000 Net café (warnet <sup>6,1)</sup> managed by private sector, scattered in 2,910 villages out of 13,472 villages. This leave Private Sectors(SME) & APWKomitel with the future challenge to build 13,472 – 2,910 = 10,562 Net café covering villages in Urban area by year 2015, if we stick to one PIC or CAP per village (WSIS Geneva Plan of Actions), diffused in urban part of 17,000 islands.
- **Rural area:** 43,000 rural villages still not wired by telecommunication means, some lack of electricity, cover under Indonesian USO plan. Unfortunately, the number of rural villages are more than the USO figure. A more amazing figure there are 55,634 villages in Rural according to survey done by BPS 2002. If we considered the very minute amount of Telecenter build by government in rural area (less than 500 telecenter) , then Indonesian target & challenge are still inert, more than 55,000 CAP or telecenter that must be developed in rural.

### 4. WEAKNESS

These two combined figures ( 10,562 in urban and 55,000 in rural) become enormous challenge, might be unreachable target, if we observed how sluggish government efforts & regulation in developing CAP in the New Millennium:

1. Telecenter in Rural: So far only very few Telecenters have been build in rural by various government (Depkominfo, Bappenas, DepKop, Kantor Pos) with donor ( UNDP, WorldBank, KADO, ADOC, Swisscontac & others <sup>6)</sup>. APWKomitel's survey shows less than 500 centers for the last 5 years out of 55,000 villages <sup>7,8,10,14</sup>.
2. Poor Facilitation& Regulation on warnet industry in urban:
  - a) Many regulations supposedly to Empower development of netcafé(warnet), ends up Hindering development of net café in Urban. i.e.: Regulation to enforce “Registration Net

café’s Visitor””, regulation rumor to install CCTV for warnet, which were too expensive, unfordable by warnet owner. Not to mentions, many overlapping Local Government (municipal) regulations & paradigm, that still sees SME (net café /warnet) as merely 'Cash-cow' fiscal income target, rather than development partner for establishing community Internet center. Law enforcement &raid ends up discouraging new startup & small investor.

- b) The paradigm of the Indonesian central government regulation still prioritized more on security regulation (Permen M.Kominfo 27/ 2006), rather than facilitation to increase penetrations and access as the basic effort to bridge digital divide.
- c) The paradigm of Incumbent & large bandwidth suppliers often provide downstream net café with lower quality of service (Q.o.S)/bandwidth in favor of cost, which degrades Bandwidth Quality delivered to End-User. If Bandwidth-Quality are not accepted by net café’s visitors (enduser) , then they might leave the net café & reluctant to pay for the service. These hurt the business of many small players net café.
- d) On Software Piracy, IPR & Alternative Open Source . Government think only on MOU & software tender, than attempt to harmonize proprietary software pricing toward SME (net café) financial conditions, the price are unfordable for most SME players. Note: Price of Windows XP is cheaper in Singapore, Thailand or America than in Indonesia. And yet alternative Open-Source-Software (OSS) is not popular & user friendly to community that use net café, because Proprietary O/S existed long before OSS. Bigger Promotion of Proprietary O/S increase awareness, user friendliness, communities preference and comfort, causing Net café operator having difficulty introducing alternative OSS for their customers.
- e) Government Planning focus on developing Giant Infrastructure(Palapa Ring) Fiber Projects (supply side) connecting islands during Indonesian Infrastructure Summit 2006, meanwhile overlook increasing demand side or needs of the people and rural/urban ICT readiness.
- f) Government Planning focus more on Budgeting and Project Disbursement, rather than 'Benefits' to the People and small players, and how measuring result. The paradigm tend to focus on the 'means' (success in budgeting & disbursement), rather than the 'ends' (benefit & result), often neglected the issue of sustainability & survival of

many existing model ( 22 generic models <sup>6</sup> & names of netcafé/telecenter in Indonesia alone), instead government is busy 'reinventing the wheel, building new models of telecenter as projects, rather than keeping the existing model sustained. <sup>6</sup> Example: Establishment of new Post Office telecenter model called Kado(Korean grant), ADOC (Taiwan grant) and recent Warmasif ( Cooperatives Minister grant) that being developed by ICT Ministry, despite already 20 or more existing models that still struggle to survive and sustain. <sup>6,7,5</sup>

As a result , APWKomitel observe the negative impact in the market that some small net cafe/ warnet unintentionally forced to close down their business and could not sustain their business any longer under these incoherent (non conducive) business environment, although there are still start-ups struggle to enter the market. Under these circumstances, the Net-Total of Internet café (warnet) cannot increase at the pace WSIS 2015 expectation target.

## 5. STRATEGY & SOLUTION

- **APWKomitel as Private Sector(NGO) often suggested government as partner :**

To reinforce & empower existing model and focus on sustainability issue hand in hand with all stakeholder, especially the private sectors as the players of these urban net café/warnet and telecenter <sup>5</sup> .

Government should stay as facilitator and regulator , not involved as players.

Not to compete with small SME nearby or in the field, rather support, facilitate and building partnership with small SME nearby (Do *Feasibility study & Ethnographic Action Research*) <sup>5</sup>

- **Capacity Building for civil servant and regulator to change the paradigm to :**

Not seeing SME/Private Sector as **cash cow**, but rather than partners to bridge divide and connect communities. Making the digital Community industry environment more conducive

- **On Policy framework making process :**

1. Must include All Stakeholders Participation: Currently , government often still limit regulator task forces / committees to only few exclusive stakeholders & closed door. The participation should be Inclusive, Open and include all stakeholder.. Ie: ID-SIRTI (Security Taskforce)

For instance, if the regulation output involved regulating net café(warnet) industry, then

Netcafé(warnet) Association should participate, so that net café(warnet) do not feel being regulator 'object' alone, but active participants & partners to bridge divide. As Private-Sector, we encouraged government to include more SME Association in regulatory task force assignments, unfortunately regulator often still prefer listening to only small group of big players (exclusiveness) driving the industries for their interest.. Causing task forces output potentially against market acceptance or lead Government with wrong market information. ( Inclusive vs. Exclusiveness of Partnership )

2. Draft regulations should be review first by All Stakeholders on Inclusive basis to get public opinion, using RFC (Request For Comments) and Hearing mechanism to create feedback mechanism and provide second opinion. Prior to announcement, the law should be socialized first. Many regulations skip such processes causing industry refusal & unreadiness such as recent 'net café visitor registration' or IPR law, that were still not understood by most people.

3. SWOT Analysis of all stakeholder involved: Careful Study the effect, benefit and possible threat of the regulations before the regulation was issued. This is seldom done, so that many Regulations end up hindering development, rather than attempt to bridge divide. Or the regulation products benefit few, but hinder development of many others (Minimum Bandwidth regulations (45MBps) or prior regulations to put license on 2.4Ghz unlicensed freq., that was protested by community, then later amended by the new regulator regime. IPR regulations and Copyright Law.

- **Socialization of WSIS Target & Commitments to civil servants and regulator:**

1. Civil servants should know commitment of world target on WSIS 2015 and MDG Goal.
2. Respecting SME PS more as **partners, not as 'object'** to reach WSIS Target and Commitments of PPP (Public Private partnerships).
3. Government should limit the role as 'Player', but more as 'Facilitator' and 'Regulator' to provide conducive environment for SME and industry level playing fields.

- **Capacity building and Sustainable model for SME Net Café/Warnet:**

2. APWKomitel as consultant to Bappenas(Planning Board) & UNDP project, had trained staffs/ operators for three Rural-Telecenters based on the model “Multipurpose Community Internet Center” or “MCI Center” <sup>7</sup>, which was the title of a

book wrote by APWKomitel(Rudi Rusdiah). The Business Urban PIC Model provide staff of Telecenter to become future professional Social Entrepreneur using training manual titled “Management Guide Establishing Telecenter in Rural Villages – Five Strategic Steps”<sup>5</sup>

3. The MCI Center book<sup>7</sup> also contains Directory of Warnet, Net Cafe and Telecenter scattered all across 30 provinces and 540 municipal cities in Indonesia. The aim of the directory is to bridge the gap between Universal Access & Universal Service<sup>8</sup>.

Universal Service is very low in developing countries than Universal Access. Why? The Access-Facilities(netcafes) sometimes already within reach of the people, serving in the perimeter of the community. Let say, Universal Access or there are 3,000 people lived in the perimeter of the net café (digital community), unfortunately based on our survey, only 10-25% of the people within reached, ever use the digital facility (300 to 750 people, called Universal Service). This create a divide (90-75% gap) of the people who within reach of the net café, but never use Internet.

The reason can be:

- a. Lack of knowledge/illiteracy.
- b. Afraid or allergy with digital technology.
- c. Not knowing the benefit of ICT.

To close the Gap:

- a. Net café & telecenter need special staff called Info-Mobilizer (Kelompok Pencapir) to bring people utilize the facility, knowing the benefit & increasing community competency.
- b. Directory helps promoting nearby digital community (netcafé). This is more common in developing countries and urban villages.

4. Netcafes Franchise model for promoting digital life style in urban area.  
Member of APWKomitel develops franchise model helping spread the number of net café in more cities. The commercial franchise model move start up business to professional start at a faster pace, using tested experiences, training & consultancy, diminishing the barrier of entry for startup business. Example: Java NetCafe with 3 category franchises : Ordinary Virtual Office (investment of \$25K), Minimalist Digital Cafe ( investment of \$ 45K) and Full Resto Cafe (investment of \$65K) to increase the number of net café in urban cities and mall.

Looking forward to share experience & expand network with other countries or association among developing countries further developing better sustainable franchise model.

- **Socialization of WSIS Target & Commitment to the society and SME as partners,**

1. Civil Society and Private Sectors can be Active Collaborating Partners and hand in hand to bridge divide and connecting communities by 2015.
2. Promoting Digital Lifestyle as future way of life for the society and community.

## 6. CONCLUSION

Reviewing current progress, APWKomitel fears that we might loose momentum and failed to reach the goal of WSIS Geneva Action Plan, if Partnership & PPP are just buzz words and lips service in conferences & WSIS documents, but often forgotten during implementation and real world project.

With proper regulations, PPP & conducive market, Private sectors (Bottom up approach) facilitated by Associations(APWKomitel) will play more important role in developing information society through netcafe (warnet) in urban metropolitan area

Technology is not the problem anymore, but paradigm, human capacity building and regulation framework. It then raised the question, do we really understand what WSIS Geneva Actions Plan is all about? Are we still committed to the Tunis Commitment and Agenda?

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