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INTERNET



3.0

*Edited by
Fundación Karisma*

THE WAY

CUBAN

463

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INTERNET THE CUBAN WAY 3.0

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“Four apartments at 46”
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PROLOGUE



AN ECONOMY ABOVE WATER

The digital economy has grown since the time it was only about big corporations offering services to a few specialized clients through the Internet to becoming a part of our modern life. As a matter of fact, today, we can say the economy is digital; it is no longer a mere companion or adjective. In this digitized world, ease of access translates into unlimited opportunities for some, and disturbances and isolation for those unable to obtain the adaptation formula.

Today, for example, we prefer to consume entertainment through digital platforms, we choose online services to rent temporary accommodations, or we embark on the development of business applications. Outlining the borders between the digital and traditional economy is increasingly difficult. Our daily economic activities are subordinated to a multiplicity of online connections between people, companies, devices, data and processes.

In many locales, this scenario is taken for granted. And the challenges tend to focus more on the abilities that we people have to acquire in order to adapt to this new reality, to the development of regulations, to the creation of incubators that promote technological innovation,

etc. But, what happens when there are substantial barriers to access to the Internet? Is it possible for the digital economy to emerge when connectivity is limited, the security of information in transit is highly questionable and its price seems almost prohibitive?

In the third issue of *Internet the Cuban Way*, Regina Coyula and Karina Gálvez investigate and tell us how, despite the difficulties of Internet access and the precarious connection they have in Cuba, startups have arisen based more on ingenuity than on the material conditions available. Throughout this article, we can recognize the development of an embryonic Cuban digital economy. Rosalía Viñas, for her part, represents Cuban reality when connecting, in her comic strip *None the Wiser*, but, above all, she shows us a bit of the local inventiveness when browsing the Internet through her characters Laura, Robe and John.

We hope this new issue will help understand a reality full of challenges and obstacles, which, in turn, shows us that all barriers are an opportunity for creativity and, why not, for the rise of business ideas.

Amalia Toledo & Pilar Sáenz
Fundación Karisma

CUBAN DIGITAL ECONOMY, HARD TO BELIEVE BUT TRUE

By Karina Gálvez¹ and Regina Coyula²

The Internet is to the economy today what the industrial revolution was in its day. The fact that it has spread much faster than the industrial revolution may compensate for some of its negative repercussions. Has it replaced jobs? It has created thousands of jobs in new fields. Has it created new needs for technology and training? It lowers costs. Does it entail greater risk? It facilitates access to a volume of information that empowers businesses and citizens.

1 Karina Gálvez is an economist by training and co-founder of the [Centro de Estudios Convivencia](#) in Pinar del Río.

2 Regina Coyula has a degree in History. She works as an editor and Webmaster; in addition, she has collaborated in several digital publications such as [Diario de Cuba](#), [14ymedio](#) and [BBC Mundo](#). Her personal blog is [Mala letra](#) and her Twitter [@lamala letra](#).

INTERNET FREEDOM

In Cuba for just over 3 years, access to the web has flourished. Public WIFI areas, networks in state institutions and, more recently and only for some, Internet access from home. However, this hasn't been enough to achieve the potential benefits of connecting to the Internet. Business transactions aren't any shorter, shopping hasn't been made easier, there less control and more fraud, big data is not being used to inform real changes in trade and business policies, the use of magnetic cards or automated data systems delay procedures instead of shortening them as the devices and networks they depend on are often inoperable.

In order for the Cuban economy to benefit significantly from the advantages of being connected, it is essential that **the people** be connected. Intermittent web access in state companies, schools or public service institutions fails to deliver on the promise of faster transactions, less onerous business licenses, or paying-off a loan without going in person and filling-out paperwork. We still keep file cabinets full of lengthy forms, invoices and vouchers, filled-out in uneven handwriting. We have just begun to digitize identity documents and use point printers in law firms and civil registries.

Expanding Internet access isn't enough to enjoy its benefits. Moreover, it can be hurtful when some people have the technology and others do not, or when the Internet is used for procedures that are often delayed when the network is down or limited. All too often, when a public service is denied, the explanation we get is: "The system is down!" referring to frequent network interruptions.

On the other hand, it is difficult for the Internet to deliver on all its promises in an environment where individual liberties are restricted. The Cuban economy suffers from the backwardness caused by an excessively centralized system, which does not allow companies to contract telecommunications services, and where these are completely controlled by the State. This environment keeps Cubans from enjoying the full advantages of the web, even as Internet access expands. Companies who obtain online privileges have difficulties when others with whom they interact do not. Nor can they use them fully when they are required to obtain prior authorization.

Thus, using the Internet becomes a problem.

INTERNET FOR FREEDOM

However, deeper analysis could show that self-employed workers in Cuba (and elsewhere in the world) have questioned the notion that with a little Internet and a little freedom there can be no benefits. On the contrary, they have reinforced the idea that with a minimum of connection, one can gain access to greater degrees of freedom. The Internet has opened significant doors in the Cuban commercial and services sector, which operates according to market principles.

INTERNET AND PRIVATE ENTREPRENEURSHIP

Despite the late arrival of the Internet to Cuba and its limited distribution, we can find digital ventures throughout the country, encompassing every aspect of

the digital economy, such as IT infrastructure, hardware, software or telecommunications; digital applications or online platforms; or online retailers and classified ads (e-commerce).

Given its privileged position, the state sector has had closer access to the advantages of the web, but has used them with little audacity. Freelance workers, with their typical resourcefulness, have been a fertile ground for exploring the possibilities offered by the Internet.

After the legal framework for self-employment was broadened, the Catholic Church began to promote courses for small entrepreneurs in its classrooms. It offered three master's courses in business administration in association with the University of Murcia, and the Cuban community in Florida created [*CubaEmprende*](#), offering in-person courses at the University of South Florida. In these programs, the digital economy plays a prominent role as a global reality that will have an impact on the future of Cuba.

VISIBILITY FOR BUSINESS

In order to enhance the visibility of their business, those who work on their own have joined global intermediaries. For instance, *Airbnb* had spectacular growth when it was able to include Cuba's portfolio without breaking US laws. But it isn't the only one. *HomeStay*, *TripAdvisor* or *Yelp* has great reach among homeowners for rent, as well as restaurants owners.

Rebeca and Ofelia, working with *Airbnb* and *HomeStay*, respectively, agree that not having Internet at home is

one less service they can offer to their clients, affecting their ratings and hurting their ranking within the site.

Leandro, owner of an apartment in Old Havana and *Airbnb SuperHost*, bought a *Digicel* telephone card on a trip abroad, which offers mobile Internet service. This has allowed him to immediately answer requests from potential clients and to offer an Internet connection to his guests. However, the card has the disadvantage that both its purchase and its recharge must be made from outside Cuba, so he has had to rely on his brother who is responsible for recharging it from abroad. In [April 2018](#), after several months of operation, due to a “modification in the terms of the contract with ETECSA”, *Digicel* ended this service for its clients in Cuba.

Mabel, another *Airbnb* host in Old Havana with very high ranking on the site, paid for a clandestine Internet connection until last year, when she was able to obtain a legal connection with the Telecommunications Company of Cuba (ETECSA, in Spanish), and today she has ADSL with the best speed in the market (30 hours a month at 4096/512 Kbps for \$70 CUC).

Most of the home rental hosts interviewed pay for someone to maintain their online profile, which gave rise to the social media manager, another type of freelance work that isn't contemplated in the Ministry of Labor regulations.³ For those people who decide to personally manage their profile or website, the lack of a home Internet connection means traveling daily

3 The Ministry of Labor and Social Security of Cuba recognizes about 200 authorized activities for private or self-employment in Cuba. See Resolution No. 353/2013 in <https://bit.ly/2u8N0Iq>.

to a connection point in order to check reservations, evaluate clients, read their opinions and upload photos. In general, they do not use social media to enhance the visibility of their business. Only two of the twelve hosts consulted have email accounts with nauta.cu⁴, but both agree that it is insufficient and express misgivings about linking this account provided –and monitored– by the State with their business. Although some are older and have little prior knowledge about new technologies, most agree that a home connection would help them provide better service and bring more business.

It is very interesting to see the difference with private restaurants, popularly known as *paladares*, whose owners have not only positioned them on international food platforms, but also on social media. The seven palates visited all manage their online presence through third parties.

Leasing and food may not be the only private activities that benefit from the expansion of Internet service, but they are certainly the most numerous. It's worth highlighting that one of the most visited websites focused on Cuban users (although it isn't hosted in Cuba) is revolico.com, a website for buying and selling goods and services. In Cuba, it also includes numerous job postings related to ICT.

4 Nauta.cu is the email provider created by the national telecommunications company (ETECSA). This service allows users to receive email through mobile data, but in order to go online people must go to a WIFI zone.

TECH BUSINESS

Unlike the first group, for whom the Internet supports their brick-and-mortar business, there is a second group for whom cyberspace is the place where entrepreneurship flourishes. A universe of ill-defined edges, often outside the narrow regulations of self-employment, barely covered by the licenses of “computer programmer,” “electronic equipment repairman,” “typist” or “record seller.” Programmers and web developers who work creating applications and programs that work online and offline, and whose work is focused on technical challenges, many of them with the ambition of obtaining a work contract with companies based abroad and dreaming of joining the tech giants.

This daydream is not contemplative: there have been multiple applications that work online and offline; some of the most successful are [*Kewelta*](#) (cultural and entertainment billboard), [*AlaMesa*](#) (gastronomic guide) or [*ConoceCuba*](#) (directory of services).

There are online platforms to develop and/or download applications designed for Cuba. [*Rhumbos*](#), [*Adoble*](#), [*Starcubandev*](#) and [*Zeros*](#) are some of them. [*Cubapk*](#) is a platform that contains several ventures. The result of this work is almost always collective, but to date there is no legal framework to set up a cooperative enterprise of these characteristics, and with it, the legal personhood needed to sign contracts, even with the state sector, and to obtain the right to procure Internet services.

TECH BUSINESS SOLUTION

Designers, web administrators and a wide variety of intermediaries take advantage of the limitations imposed by having to travel to a WIFI point or web browsing room by business managers who need to be physically present at their workplace. Many also benefit from the lack of knowledge of a large part of society. So, in Cuba you can also talk about community managers, a profession directly linked to the emergence of social networks; some very professional, like Gerardo Rodríguez, an automation engineer who, with his wife, has founded [Gerbet](#), a small web development, digital marketing and brand design company for other entrepreneurs.

A brick and mortar business that also moved to the virtual marketplace is the [Clandestina](#) store. Its slogan “99% Cuban design” and its well-designed garments were the keys to its success. Since last year, they are considered the first Cuban brand that sells online.

One novelty is [bulevarcubano.com](#), a website focused on reselling products made in Cuba by people who work independently for the domestic market. Founded only this February, [bulevarcubano.com](#) tries to do on a national scale what *Amazon* does on a global scale, a real challenge in a country with nothing but cash transactions, but it is nonetheless a bet on the future. Small transactions through the transfer of telephone credit and the classic personal cash payment are the way to close deals. This shows once again that initiative and imagination run far ahead of the regulations and restrictions aiming to control economic development in the age of the Internet.

Despite these small steps, e-commerce is still a fantasy for Cuba. And even with the possibility of browsing *Amazon*, *eBay* or *AliBaba*, the lack of credit cards or access to *PayPal*, added to the restrictions imposed by the embargo for US companies to operate in Cuba, any transaction from the island is out of the question.

There is a variant of this modality used by the State: online purchase from abroad of packages where one may choose between a limited offer of food or household goods that are sent to Cuba and delivered by *CIMEX S.A.*, the company that manages the [web portal](#), the grocery stores and the parcel delivery fleet.

THE DIGITAL ECONOMY AND ITS SOCIAL IMPACT

The Internet economy came to change the old paradigm that suggested that the growth of technology in its broadest sense would result in high rates of unemployment. The Internet itself is a repository of knowledge, new forms of work and new possibilities for the productive forces. It is a critical element for economic growth and a catalyst for job creation.

The Government and public decision-makers must promote the use of the Internet by informing and educating the private sector and the population. The digital economy should be a priority in the strategic agenda and not just a brief mention in the [Conceptualization of the Cuban Social and Economic Socialist Development Model](#), the 2030 strategic plan approved by the last congress of the Communist Party. This, first of all, entails the need for open dialogue

between all stakeholders to ensure optimal conditions for the development of the Internet ecosystem within the country and in view of its international insertion.

Beyond the virtual framework, the economic benefit translates into the need to improve means of transport, courier services, warehousing, and a wide range of jobs derived from the growth of the economic modalities dictated by the market. A dense fabric linking the virtual economy and the real economy translates, no doubt, into greater economic freedom for the underprivileged, and better economic indicators for all.

To this end, the Cuban state must change the bureaucratic mentality, modify laws, offer attractive bank loans, and allow crowdfunding. The onerous burden of state employment must be lightened, leading to cooperative forms of work, SMEs or individual self-employment, without forgetting the promotion of a tax culture as a road to social welfare.



NONE THE WISER III



Script:
Rosalia Viñas Lazo

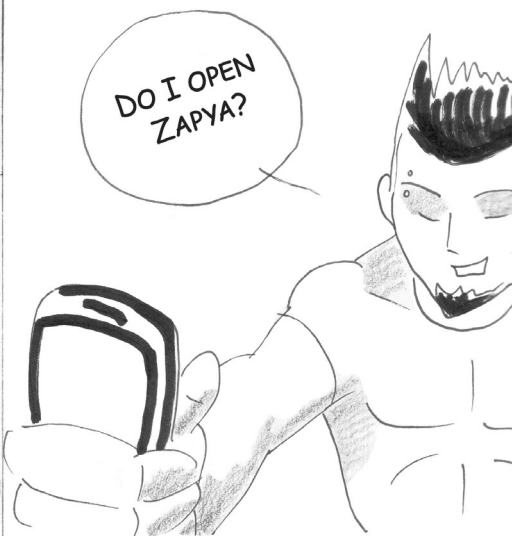
Drawings:
Pain

* *Atrás del palo* [Cubanism] in the original: not hearing about anything; not in the know.

* Rosalia Viñas works as a designer for the [Centro de Estudios Convivencia](#) in Pinar del Río. She is a telecommunications-engineering student.



1 *Old man* (*Puro* in the original) - father.



2 Closer now (*La mía* in the original) - nearness



HI! SORRY TO INTERRUPT,



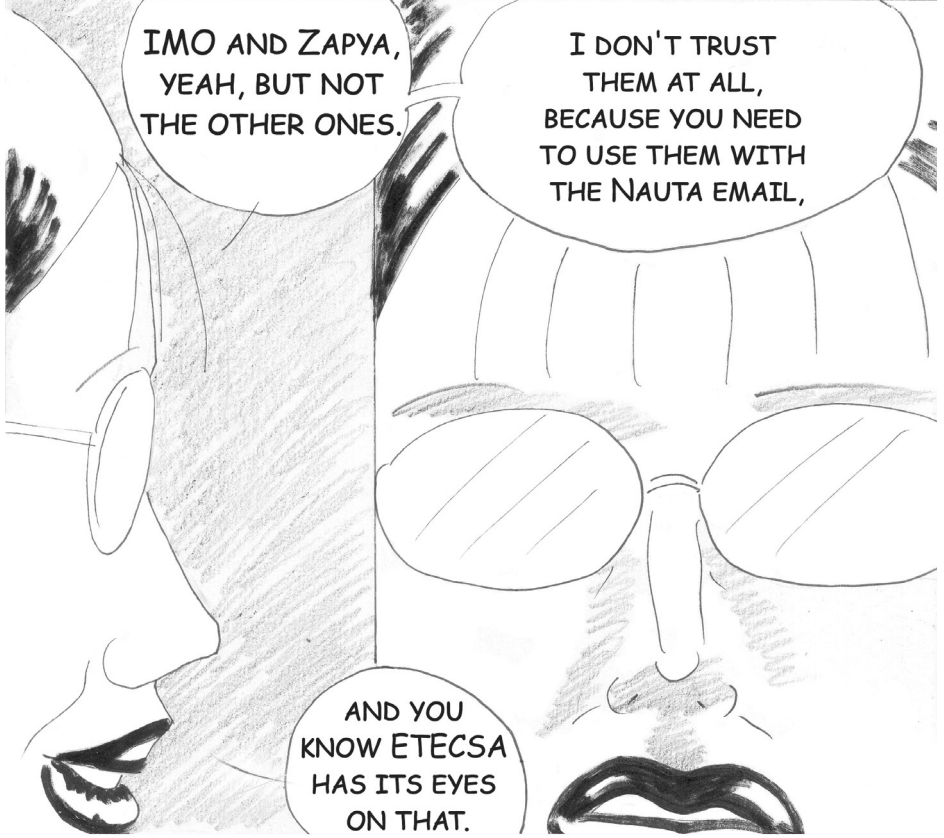
3 Sketch (*Fula* in the original) - negative connotation



- **IMO IS FOR VIDEOCALLS AND CHATTING IN REAL-TIME.**
- **ZAPYA LETS YOU TRANSFER FILES WITHOUT CONNECTING TO THE INTERNET.**
- **CUBAMESSENGER AND SIJÚ ARE CHAT APPS, BUT THEY LET YOU SEND VOICE MESSAGES AND PHOTOS IN REAL TIME.**
- **FACEBOOKITO LETS YOU USE FACEBOOK WITHOUT CONNECTING TO INTERNET.**




DO YOU USE 'EM,
LAURI?



IMO AND ZAPYA,
YEAH, BUT NOT
THE OTHER ONES.

I DON'T TRUST
THEM AT ALL,
BECAUSE YOU NEED
TO USE THEM WITH
THE NAUTA EMAIL,

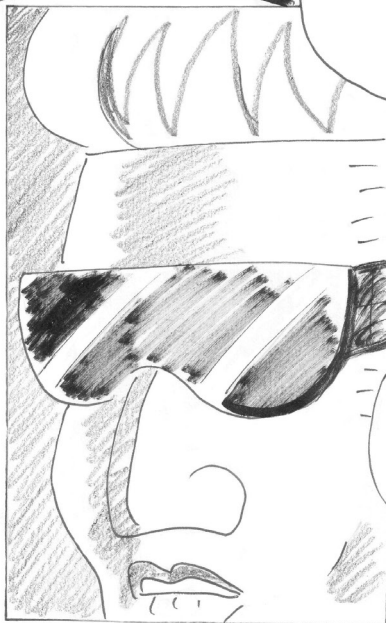
AND YOU
KNOW ETECSA
HAS ITS EYES
ON THAT.




I DON'T USE THEM EITHER,
BUT A LOT OF PEOPLE DO.



SURE!
THEY GET PAID
OFF THE PHONE DATA.
IT'S CHEAP,
HEHEHE...



YOU DON'T
HAVE INTERNET
AT HOME?



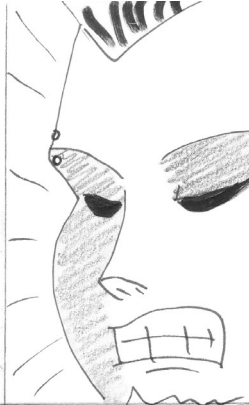
NOT US, NO...
LAURI,
DO YOU KNOW WHEN
THE HOME INTERNET
SERVICE WILL MOVE ON,
THE ONE THEY CALL
NAUTA HOGAR?



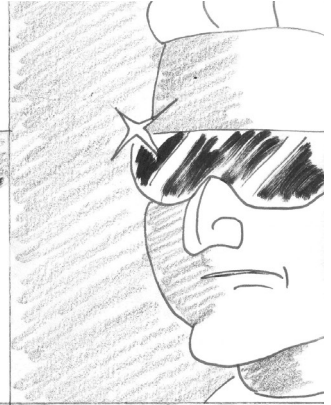
4 *Digicel* is a mobile phone network provider operating in dozens of markets in the Caribbean, Central America and Oceania regions. The Digicel SIM allowed having cell phone data until April of 2017 in Cuba.



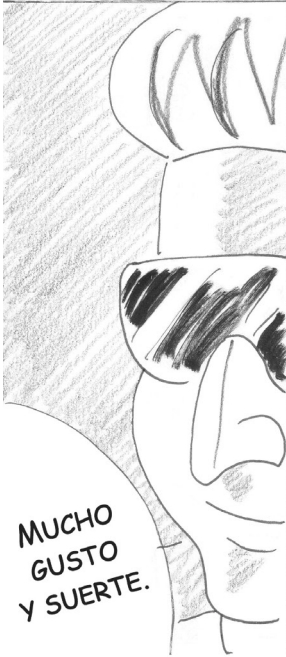
YEAH, WE USED TO,
BUT NOT ANYMORE BECAUSE
THE GOVERNMENT BROKE THE
CONTRACT WITH THE COMPANY!



SHEESH
NOT COOL!



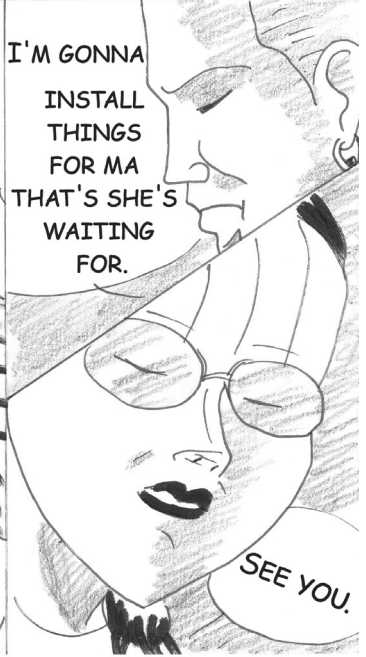
IT'S A PAIN TO LOG ON
HERE, BUT I ADMIRE
YOUR CREATIVITY!
NICE MEETING YOU...



MUCHO
GUSTO
Y SUERTE.



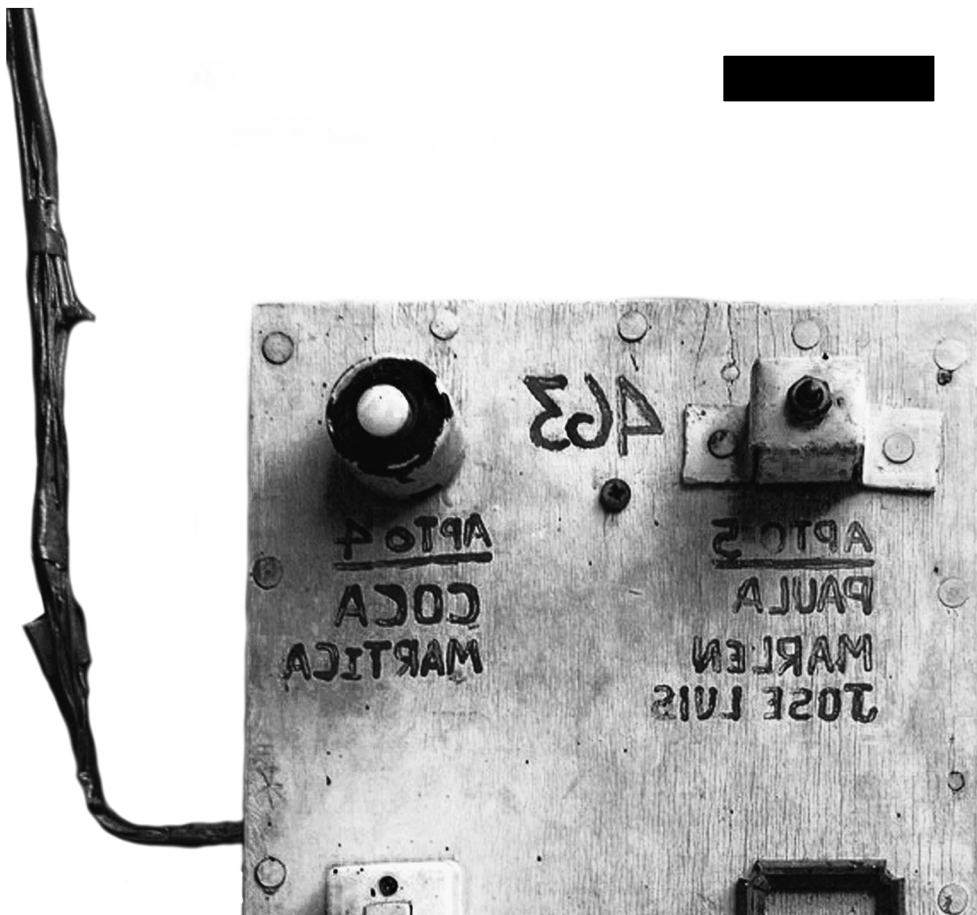
SURE
THING.



I'M GONNA
INSTALL
THINGS
FOR MA
THAT'S SHE'S
WAITING
FOR.

SEE YOU.





This publication is the product of a series of Internet policy workshops conducted by the Karisma Foundation with a group of Cuban activists in 2016-2018. Thank are due to all the people who collaborated and participated in the different workshops by contributing to their success.

