A4AI
ALLIANCE FOR AFFORDABLE INTERNET

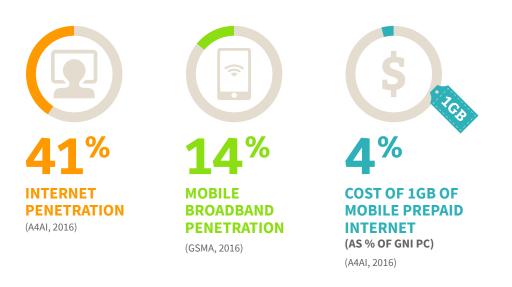A global coalition working to make broadband affordable for all

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WORLD WIDE WEB FOUNDATION

Bangladesh

Affordability Report Highlights 2017

Bangladesh is one of the fastest growing ICT markets in South Asia. The nation's 2009 ICT Policy proposed universal access as one of ten strategic objectives; since that time, the number of internet users in Bangladesh has tripled, and the number of unique mobile subscriptions has grown from 34 million to 87 million. Despite this growth and some of the lowest connectivity costs in the region, a number of significant challenges to access remain, including enabling affordable access for the 57% of the population living on less than US $3.10 per day.[1]

41%
INTERNET PENETRATION
(A4AI, 2016)

14%
MOBILE BROADBAND PENETRATION
(GSMA, 2016)

4%
COST OF 1GB OF MOBILE PREPAID INTERNET (AS % OF GNI PC)
(A4AI, 2016)

Bangladesh's Performance on the 2017 Affordability Drivers Index

Bangladesh ranks 46th (out of 58 countries surveyed) on the 2017 Affordability Drivers Index (ADI). This is a decrease from the 33rd place ranking Bangladesh earned in the 2015-16 ADI, indicating the slow pace of policy and regulatory progress.[2]

ADI RANK	COUNTRY	ACCESS	INFRASTRUCTURE	ADI SCORE
46	Bangladesh	45.69	31.88	39.41

1   World Bank, 2010
2   The ADI scores countries on a scale of 0-100 across two main policy groups: (1) infrastructure and (2) access. It does not measure affordability directly. For more information please see a4ai.org/affordability-report/report/2017

1. Policy & Regulation for Competition

Score: 4.1 (out of 10)

The country's score for policy and regulation for competition is lower than the regional average. The national regulator, the Bangladesh Telecommunication Regulatory Commission (BTRC), plays an active role in promoting competition in the sector, and has introduced licensing obligations, quality of service standards, and fines for selling SIM cards without proper registration. The government has also worked to improve competition in international gateway, and in 2015, introduced six new submarine cable operators.[3] However, the licensing regime is still technology- and service-specific. The government and regulator require individual licensing which specifies service, technology and spectrum allocation for each license. There is no clear record of public consultation.

2. Broadband Policy

Score: 5.0

Bangladesh scores lower than the regional average for broadband policy. To supplement the 2009 ICT Policy, the Bangladesh government developed the 2009 Broadband Plan.[4] However, the plan lacks the detailed implementation plans and budgets usually found in national broadband plans in line with good practice. It does note the need to "ensure affordable, highly advanced and secured broadband" and outlines a number of steps for Bangladesh to achieve this goal.

3. Public Access Policies + Use of Universal Service & Access Funds

Score: 2.7

Bangladesh scores lower than the regional average for public access. Bangladesh's USAF equivalent, the Social Obligation Fund (SoF), collects 1% of operator gross revenues and has to date collected BDT 7 billion (approximately USD 87 million); however, the funds remain unused and there are no specific rules in place to manage the SoF. While the government has announced a new infrastructure project to improve the national backbone network that will be funded by the SoF[5], there has been no direct public infrastructure funding for ICTs over the past two years, and the government still has not outlined a clear set of priorities for targeting public spending in ICTs.[6]

3   A4AI Bangladesh Case Study, http://a4ai.org/wp-content/uploads/2016/06/A4AI-Bangladesh-Case-Study_June-2016.pdf
4   http://www.btrc.gov.bd/sites/default/files/national_broadband_policy_2009_0.pdf
5   http://www.dhakatribune.com/bangladesh/2017/03/27/govt-offer-internet-772-unions-2018/
6   http://bdnews24.com/bangladesh/2017/03/06/half-of-btrc-fund-of-billions-of-taka-to-be-used-in-ict-division-project-to-expand-internet
7   http://edotcogroup.com/media/edotco-pioneers-the-first-carbon-fibre-tower-in-asia/
8   http://ptd.portal.gov.bd/sites/default/files/files/ptd.portal.gov.bd/news/c306da52_2828_4773_b3d5_74ec933e3f5e/NTP-2015_Draft_English.pdf
9   A4AI Bangladesh Case Study, http://a4ai.org/wp-content/uploads/2016/06/A4AI-Bangladesh-Case-Study_June-2016.pdf
10 https://www.gsma.com/publicpolicy/wp-content/uploads/2012/03/mobiletelephoneandtaxationinkenya.pdf
11 http://bangladesh.gov.bd/sites/default/files/files/bangladesh.gov.bd/page/6dca6a2a_9857_4656_bce6_139584b7f160/Perspective-Plan-of-Bangladesh.pdf

BANGLADESH AVERAGE V. ASIA AVERAGE

- 🟩 Bangladesh Average
- 🟧 Asia Average

4. Infrastructure Sharing

Score: 6.0

Bangladesh scores higher than the regional average for its infrastructure sharing policy. The government has begun implementing a policy to incentivise infrastructure sharing and this, combined with increased demand for infrastructure sharing, has resulted in an increasing number of commercial deals between operators as well as between operators and tower companies. However, the tenancy ratio for mobile phone towers remains relatively low — on average, just 1.3 operators share each tower — and implementation of measures to incentivise sharing have been fairly stilted.[7] Other challenges persist, including urban population density, rural population dispersal, and high real estate costs.

5. Spectrum Policy

Score: 3.5

Bangladesh's spectrum policy scores lower than the regional average. There is no spectrum allocation plan or roadmap in place. Although the draft National Telecommunications Policy (2015) calls for technology neutrality in frequency bands, this is not yet a reality.[8] In addition, the planned spectrum allocation auctions for 3G frequencies (1800 MHz and 2100 MHz) have invited little interest from operators as a result of a base price set by the regulator that many consider to be too high. The auction for these bands has been deferred three times, and seems unlikely to take place unless the regulator chooses to set a new, lower base price for spectrum bands.

Recommendations

Affordability in Bangladesh is impeded by a number of factors. These include low income, a lack of consumer purchasing power, high device ownership costs, data plan prices and consumer taxes and access fees. These challenges have so far proven to be difficult to resolve, but may improve by taking the following steps:

1. **Reduce taxes on smartphones to enable lower device costs and increase broadband penetration.** Currently, there is a 25% tax on imported handsets and devices, and a 60% tax on accessories; indeed, device costs in Bangladesh remain among the highest in the region.[9] When Kenya removed the VAT on mobile handsets in 2009, it saw demand for devices increase by 200% and mobile penetration increased from 50% to 70% by 2011.[10]

2. **Further incentivise infrastructure sharing.** While infrastructure sharing is growing in Bangladesh, a number of significant challenges to its further growth remain. The government of Bangladesh could do more to incentivise sharing, including assisting sharing companies to secure rights of way at more economically viable rates and taking steps to implement its infrastructure sharing incentivisation policy.

3. **Improve spectrum management policies, control bandwidth prices and ensure fair ICT sector taxation.** As only 14% of the country uses mobile broadband, the country must work to address the challenges in the mobile market where bandwidth prices for the consumer are uncontained. Bangladesh must focus on good spectrum management and taxation, or risk missing its Digital Bangladesh/Vision 2021 goals.[11]

4. **Prioritise and expand public access initiatives.** Over half the population of Bangladesh lives on less than US$3.10 per day. Thus, while efforts to reduce industry costs for mobile and fixed broadband services are important, alternatives such as public access solutions are critical to connecting more of Bangladesh's population and working towards Digital Bangladesh access goals.