A4AI **ALLIANCE FOR AFFORDABLE INTERNET**

A global coalition working
to make broadband
affordable for all

AFFORDABILITY REPORT 2020 EXECUTIVE SUMMARY

The Covid-19 pandemic has laid bare the scale and consequences of the digital divide and underlined the urgent need to find solutions to digital inequality.

Governments are being forced to reassess priorities and step up with innovative solutions to address a range of challenges across health, employment, education, and economic resiliency. As the internet and digital technology will play an increasingly important role in our world, governments must develop policies to deliver affordable and meaningful connectivity to all.

The 2020 Affordability Report looks at the state of policy progress to bring down the cost of internet access and points to the importance of effective national broadband plans (NBPs) in providing the conditions for internet prices to decline.

Progress on policy and falling prices

Data on policy and prices is trending in the right direction. In the past five years, mobile broadband has become more affordable, and Affordability Drivers Index (ADI) scores have risen in most countries across all three regions we study — Africa, Latin America and Caribbean, and the Asia-Pacific region — signalling improvement in broadband policies. Low income countries showed strong signs of improvement with 11.3% increases in overall ADI scores.

Broadband policies continue to improve. The average ADI score across the countries we study has risen by 13.6 points, from 42 to 55.6 since 2014, with improvements most notable in low-income countries.

Africa sees the biggest policy advances. While Africa remains the region with the lowest average ADI score, this year it saw the fastest improvement (6.7% since 2019), with countries improving planning, better spectrum management and supporting programmes to narrow the digital gender gap.

Mobile broadband prices have fallen consistently among countries within the Affordability Drivers Index, with the average cost of 1GB data declining by more than half since 2015, from 7.0% to 3.1% of average monthly income.

While declining prices can be explained in part by general improvements in technology and other efficiencies, strong government policy is key to reducing costs and making sure that internet access is affordable to all. Furthermore, national differences persist and pose serious challenges to universal access.

Asia-Pacific is the regional leader for broadband strategy. At a regional level Asia-Pacific countries have the highest average ADI policy scores for broadband strategy and public access. And consumers pay the lowest prices, at less than 1.5% of the average monthly income for 1GB of mobile broadband.

Rwanda, which has effective national broadband planning, has seen 1GB data fall to less than a fifth of its 2015 price, from 20.2% to 3.39% of average monthly income, and made faster progress than its East African neighbours which have less robust broadband planning.

Three countries topping this year's Index – **Malaysia, Colombia, and Costa Rica** – all stand out with the highest three scores for national broadband planning. All three meet the UN Broadband Commission's '1 for 2' affordability threshold — 1GB data for no more than 2% of average monthly income.

The challenge of getting to universal internet access

While the overall trend is encouraging, progress on reducing prices remains too slow, particularly as Covid-19 has shown beyond doubt that internet access is not a luxury but a lifeline.

Over a billion people live in the 57 countries in our survey that are yet to meet the UN Broadband Commission's '1 for 2' affordability threshold. 1GB is the minimum that allows someone to use the internet effectively; yet, the high cost to connect means billions of people are missing out on even this basic allowance. Almost half of the world's population remains with no internet access, and many others lack the meaningful connectivity that would allow them to engage in activities like online learning, remote working, and telehealth services.

Governments must act to bring down the cost of access. This will take significant investment: A4AI analysis has found that **US$428 billion additional funding is needed** over the next 10 years to connect everyone to quality broadband by 2030. But to be successful, this funding needs to be paired with effective policy, strong planning and effective implementation, which includes urgent investments in the digital skills, content and enabling policy frameworks that are critical to support access to meaningful connectivity. Governments need robust national broadband plans to achieve this.

Why national broadband plans?

National broadband plans are a necessity to bring down prices and ensure inclusive growth. With clear targets, they provide an agreed roadmap for all stakeholders and create accountability for continued progress.

The ADI assesses whether countries have a national broadband plan and evaluates how well that plan sets clear and time-bound targets relating to internet affordability.

Most countries (90% of those studied) have some kind of NBP; however, the quality of these plans vary widely.

Only two-thirds of the plans studied were drafted in open consultation. When they were, these plans were more likely to have targets and correlate with higher scores on the ADI and for overall broadband strategy.

52 countries (80% of plans) set at least one target around 4G coverage, fixed access, rural access, device costs, or internet prices.

How national broadband plans
make the internet more affordable

They make public investments more effective

Countries with strong national broadband plans tend to also have a higher score in the ADI for clearly defined and targeted public investment strategies, which supports inclusive digital growth and lowers costs.

They encourage private sector investments

National broadband plans give confidence for the private sector to plan on a longer-term basis and invest in better coverage and affordability. Open policy-making processes provide stability for dynamic and competitive markets to grow.

They create new partnerships and sources of accountability

Inclusive practices for drafting national broadband plans have a positive influence on the effectiveness of these plans. This process brings stakeholders across sectors together to align interests and expectations and build trust.

Governments can lower the cost to connect with better broadband planning

Based on evidence of broadband policy environments in 72 low- and middle-income countries, this report recommends three top-level actions for better broadband planning:

1 **Broad consultation:** Broadband plans must include inputs from a diverse and representative set of players across the private sector, public sector, and civil society.

This is crucial to weigh all interests, identify market problems and solutions, and understand possible impacts on different groups and individuals. Over time, the collaboration involved builds trust and efficiency in the sector and encourages cooperation.

2 **Clear targets:** A plan must have targets that address a country's most critical gaps and have clear, time-bound measurements. These should include at least one target for network coverage and for data affordability each.

These can provide stable objectives through the lifespan of the plan and allows for observers to flag shortcomings in the plan's implementation. These targets are crucial for creating accountability that keeps all stakeholders vested in the plan's success.

3 **Funding commitments:** A plan must come with funding commitments and a transparent assessment and review process at least every other year.

The implementation of national broadband plans requires public funding, as well as ongoing support for collecting and analysing data that can be used to measure progress and publish updates. Without financial support for implementation, national broadband plans fail to make a long-term impact on a country's digital development.

The track record of broadband policy and prices over the past few years has made the value of broadband plans clear. Countries that do not have a plan or that set an unambitious plan risk deferring opportunities for digital growth — in both economic and social terms. As countries look to reset their long-term goals for recovery from the Covid-19 pandemic, broadband planning must be a central part of that process. The experiences of the 72 countries studied in this report provide evidence of what governments can — and must — do.