

THE TELECOMMUNICATIONS INDUSTRY IN THE POST-COVID 19 WORLD

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THE CHALLENGE WE ARE FACING IN THE CONTEXT OF COVID-19: THE POPULATION THAT DOES NOT USE THE INTERNET

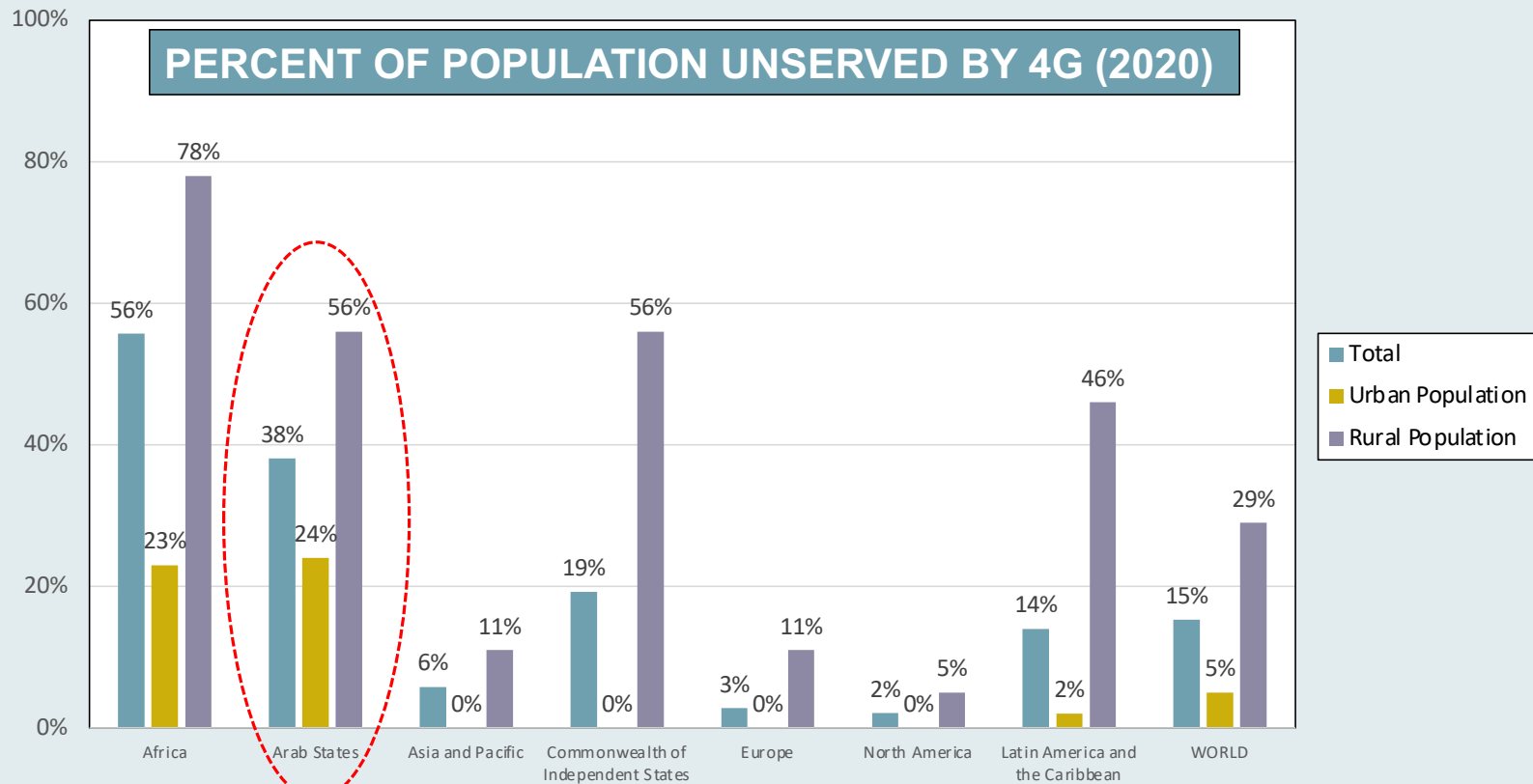
NON- INTERNET USERS (2019)

UNSERVED BROADBAND (2020)

	Internet		4G	Fixed Broadband
Africa	71 %		55.7 %	53.3 %
Arab States	45 %		38.1 %	23.9 %
Asia and Pacific	55 %		5.8 %	37.6 %
Commonwealth of Independent States	27 %		19.2 %	6.2 %
Europe	17 %		2.8 %	5.1 %
North America	9 %		2.1 %	4.1 %
Latin America and the Caribbean	31 %		14.0 %	11.0 %
WORLD	49 %		15.3 %	30.1 %

Source: ITU (2021). *Telecommunications Industry in the Post-COVID-19 World Report of the VII ITU Economic Experts Roundtable*

THE DIGITAL DIVIDE IS MORE ACUTE IN RURAL GEOGRAPHIES



Source: ITU (2021). *Telecommunications Industry in the Post-COVID-19 World Report of the VII ITU Economic Experts Roundtable*

COVID-19 HAS NEGATIVELY IMPACTED TELECOMMUNICATIONS INVESTMENT IN DEVELOPING COUNTRIES

TELECOMMUNICATIONS INVESTMENT PER CAPITA (USD)

	2019	2020	Delta
WORLD	\$ 50.86	\$50.77	-0.2 %
Africa	\$ 9.81	\$ 9.12	-7.0 %
Latin America and the Caribbean	\$ 45.16	\$41.99	-7.0 %
Asia and Pacific	\$ 30.08	\$ 29.22	-2.9 %
Arab States	\$ 42.54	\$ 41.09	-3.4 %
Commonwealth of Independent States	\$ 31.93	\$ 33.04	3.5 %
Europe	\$ 99.92	\$ 101.77	1.9 %
North America	\$ 291.50	\$ 305.28	4.7 %

Source: ITU (2021). *The Economic Impact of Broadband and Digitization through the Covid-19 pandemic - Econometric Modelling*

IN THIS CONTEXT, THE PANEL OF ECONOMISTS CONVENED BY THE ITU AGREED ON FIVE KEY POINTS

- It is critical to explore new business models and financing methods to address the digital divide in the context of the pandemic
- The universal service funds cannot address, on their own, the digital divide
- There is no single model to be relied upon; the solution to the problem must be tackled through a combination of business models and investment incentives
- A large part of potential business models existed before the pandemic – the challenge remains how to scale them
- The implementation of such models requires the partnership of multiple stakeholders which, by definition, might not share common interests, which raises the potential for the so-called “coordination failures”

BUSINESS MODELS WITH POTENTIAL TO STIMULATE BROADBAND DEPLOYMENT IN RURAL AREAS

- Enable the emergence of wholesale access providers through the elimination of taxes on equipment acquisition, the reduction in regulatory approvals, and the development of sharing incentives
- Promote infrastructure sharing (backhaul networks, towers, spectrum, last mile deployment, passive and active infrastructure) to reduce deployment costs
- Infrastructure sharing among operators requires the involvement of the public sector to generate the necessary incentives
- Stimulate the development of wholesale operators specialized in key stages of the production chain in order to leverage economies of scale and scope
- Promote the development of public and private enterprises focused on rural markets, combining the investment of telecommunications operators, internet platforms and development banks
- Stimulate the demand of ICT services through the introduction of Internet platforms (e-commerce, financial inclusion, etc.) in the rural market

FUNCDING MODELS TO PROMOTE ICT INVESTMENT IN RURAL GEOGRAPHIES

- Combine classical project finance with other approaches such as joint ventures of telecommunications operators and Internet platforms, or demand aggregation
- Develop blended finance approaches to attract investors with different risk profiles (private equity, pension funds, development banks, commercial banks, etc.)
- Implement pooled finance funds, in which a public, or quasi-public funds provide financing with better interest rates to develop multiple small ventures (last mile networks per city)
- Governments should provide in-kind funding support such as tax exemptions, free deployment and installation permits, or synchronization of infrastructure deployment
- Include the “connectivity” concept within corporate social responsibility contributions in terms similar to education, health and poverty reduction
- Continue implementing classical models such as public-private partnerships and the participation of development banks

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