Towards affordable broadband access in South Africa

An presentation by A4AI to the Competition Commission of South Africa

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What is A4AI?

A4AI is the world’s broadest technology sector alliance working to drive down the price of broadband by transforming policy and regulatory frameworks.
The reality: Income inequality is high in South Africa.

- 55% of South Africa’s population lives in poverty — predominantly black Africans, women, children, the elderly and those living in rural areas. Highest levels in Eastern Cape and Limpopo.

- The poorest 20% of South Africans have to spend 19% of their monthly income for just 1GB of data.
  - The top 20% of income earners spend less than 1% of their monthly income for the same 1GB of data.

* Using World Bank income distribution data
State of affordability policy in Africa

Top 10 African countries in 2017 Affordability Drivers Index

<table>
<thead>
<tr>
<th>ADI RANK (AFRICA)</th>
<th>GLOBAL ADI RANK</th>
<th>COUNTRY</th>
<th>ACCESS POLICY SCORE</th>
<th>INFRASTRUCTURE POLICY SCORE</th>
<th>ADI SCORE</th>
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</table>
Affordable internet in Africa

Just 5 out of 27 countries surveyed have “affordable” internet:

- **22%** ONLINE POPULATION (ITU 2017)
- **16%** MOBILE BROADBAND PENETRATION (GSMA 2016)
- **9%** COST OF 1GB OF DATA AS % OF GNI PC (A4AI 2017)
- **23%** INTERNET USE GENDER GAP (ITU 2016)

*M Internet is affordable where 1GB of mobile broadband data is available for 2% or less of GNI pc*
South Africa lags behind peers in affordability

Africa Top 10

1. Mauritius
2. Morocco
3. Nigeria
4. Botswana
5. Côte d’Ivoire
6. Rwanda
7. South Africa
8. Ghana
9. Benin
10. Kenya
Internet use in South Africa

54% Internet penetration
ITU 2016

47% Mobile broadband penetration
GSMA 2018

2.5% Cost of 1GB as % of GNI PC
A4AI 2017
Urgent Action Required

Promote infrastructure & resource sharing to reduce industry costs

- Focus on public access solutions, including community networks and the allocation of spectrum for such networks, where feasible.

- The government should be proactive in collecting appropriate gender-based data and ensuring that its ICT policy interventions are gender-responsive.

- Remove bottlenecks for the rollout of broadband infrastructure; Implement a one-stop shop or single window for all applications to reduce associated costs.
Telecommunications regulation & spectrum allocation

• Spectrum is an essential resource underpinning the operations of the mobile industry

• The high cost of many spectrum auctions or sales can increase the cost of operations for mobile network operators and, in some cases, may prohibit the rollout of services, as operators prioritise areas where costs can be recovered quickly.
Spectrum Policy and Regulation

Develop strategies to encourage innovative uses of spectrum

Regulations and policies guiding allocations should:

- Facilitate the setting of reasonable/fair market prices for spectrum
- Encourage innovative use of spectrum, such as unlicensed spectrum, to close coverage gaps to advance affordable access,
- Support development of new technologies, eg. to encourage community networks
- Set priorities for coverage with a focus to include marginalised communities.
Adequacy of data supply and coverage

- South Africa maintains an average internet speed of 4.8mbps compared to the global average of 6.1mbps — ranked as the second highest in Africa, following Kenya. Globally, South Africa still ranks quite low.

- Disparities in speed, availability of data at affordable cost, and poor connectivity affect many townships areas due to congestion and old and inadequate investments in infrastructure.

- Making mobile data affordable is one key part of the affordability puzzle; another important component is making devices affordable and accessible to those looking to come online.
Conclusion

- Ensure that policies are aligned with A4AI’s Policy & Regulatory Good Practices;
- Prioritise public access programmes while also working to reduce prices;
- Take urgent action to promote infrastructure and resource sharing;
- Investigate innovative solutions, such as community-owned networks; and
- Ensure that gender equality is considered in all policies.
Thank you!

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