

THE POLICY RECOMMENDATIONS HIGHLIGHTED BY THE 9TH MEETING OF THE COMCEC TRANSPORT AND COMMUNICATIONS WORKING GROUP

Distinguished Members of the COMCEC Transport and Communications Working Group,

The COMCEC Transport and Communications Working Group (TCWG) successfully held its 9th Meeting on March 16th, 2017 in Ankara, Turkey with the theme of “Increasing Broadband Internet Penetration in OIC Member Countries”. During the Meeting, TCWG made deliberations concerning policy approximation among the Member Countries in the field of broadband penetration. The Room Document, prepared in accordance with the main findings of the research report conducted for the 9th Meeting of TCWG and the answers of the Member Countries to the policy questions, were the main input for the discussions. During the Meeting, the participants discussed the policy recommendations given below.

A. Policy Recommendations for all OIC Member Countries

Policy Recommendation I: Preparing national broadband strategies with the involvement of the all relevant stakeholders

Rationale:

National broadband strategies are important policy documents which basically determine the goals for increasing broadband coverage and penetration for the respective countries (differentiating between consumers, businesses and government services), and define technology, competition, and investment models. Within this perspective, national broadband strategies aim at ensuring fast and high-quality broadband access at affordable prices for all segments of the society as well as strengthening sectoral competition. In addition, national broadband strategies facilitate the development of data collection mechanisms as well as monitoring and evaluation of the achieved progress.

Policy Recommendation II: Enhancing digital literacy by embedding programs in the formal education system and encouraging non-formal initiatives targeting specific segments of the population

Rationale:

Digital literacy¹ is crucially important to reap the full benefits of information and communication technologies. Individuals with sufficient level of digital literacy demand broadband internet services and can create additional value by utilizing them. Digital literacy can be enhanced by embedding programs in the formal education system, and by encouraging non-formal training initiatives targeting specific segments of the society (elderly, rural poor, etc.). Digital literacy programs embedded in the formal education system should be large scale, centralized and focus on improving skills on using devices and services. On the other hand, non-formal programs can be initiated by offering online training, building local access centers in areas with limited ICT adoption, implementing programs in public schools or cultural centers together with local authorities, and deploying trainers to rural areas.

¹ Digital literacy is defined as the “ability to use digital technology, communication tools or networks to locate, evaluate, use and create information” (Hauge and Prier, 2010).

B. Policy Recommendations for the OIC Member Countries with Different Stage of Broadband Development

1. OIC Member Countries at advanced stage² of broadband development

Policy Recommendation I: Achieving high-speed Internet coverage in rural and isolated areas through regulatory holidays³ and direct subsidies with the purpose of improving the broadband investment business case

Rationale:

High-speed broadband service is already provided in urban and suburban areas of the advanced countries. Achieving high-speed coverage in rural and isolated areas remains an important challenge before the advanced countries. By alleviating some business case constraints, approaches combining regulatory holidays and direct subsidies aim at addressing this issue. In order to enhance deployment of next generation networks in rural areas, the member countries can encourage the operators through regulatory holidays, which exempt them from the obligation of sharing their network with competitors in rural areas. Furthermore, subsidies, as co-financing mechanisms, can also be utilized in deploying broadband infrastructure in areas with limited return on investment.

Policy Recommendation II: Enactment of financial incentives to operators for deploying 4G

Rationale:

Concerning broadband penetration, full deployment of 3G has been fulfilled in most of advanced and intermediate OIC Member Countries. At this point, 4G technology has been deployed in 41 OIC countries although coverage rates remain significantly low, benefitting primarily urban populations. Many operators are reluctant to proceed towards fully deploying 4G before achieving a reasonable rate of return on the prior generation. Therefore, in order to accelerate 4G deployment, governments can consider enacting financial incentives for operators. In this respect, tax exemption for the provision of network equipment can be utilized. Furthermore, governments can reduce spectrum licensing costs.

2. OIC Member Countries at an intermediate stage⁴ of broadband development

Policy Recommendation I: Reducing cost of broadband services through targeted public policy initiatives

Rationale:

Increasing demand is one of the biggest challenges faced by the OIC Member States with intermediate broadband deployment. In order to reduce access prices for end-users, governments can either reduce taxes on service and devices or provide subsidies. These could be done in the form of a plain voucher or a tax refund for qualifying segments of the population (e.g. students). The second option is to negotiate an agreement between the government and private sector broadband providers to offer reduced prices for certain groups. The third option comprises offering free internet access through Wi-Fi services located in public areas, such as squares, libraries, and transportation hubs.

² OIC Member Countries at advanced stage refers to the countries which have high coverage and adoption of broadband internet.

³ Regulatory holiday refers to the absence of some regulatory obligation to provide access, at least for a predefined period of time.

⁴ OIC Member Countries at intermediate stage generally have advanced coverage but limited broadband penetration.

Policy Recommendation II: Lowering the cultural and linguistic barriers through development of user-friendly local platforms, content, and applications.

Rationale:

Cultural and linguistic barriers have a negative impact on the demand for broadband Internet services. Also, the lack of content in local languages and cultural irrelevance represent a major barrier for adoption of Internet. It is apparent that cultural and linguistic relevance encourages people to make more use of internet. In response to this challenge, governments together with the private sector should promote the development of local digital content, user-friendly platforms and applications and thus increase the internet penetration.

3. OIC Member Countries at initial stages of broadband development

Policy Recommendation I: Offering a low-priced broadband service for consumers by state-owned and government subsidized telecommunications operators

Rationale:

Generally, the countries at initial phase of broadband development are the ones which have not completely privatized their telecommunications industry. The lack of competition directly affects the affordability of broadband services. Within this framework, since affordability remains one of the biggest problems faced by the OIC Member Countries at initial stage of broadband development, state-owned broadband providers can assume responsibility, as a public service entity, for providing affordable broadband access services for end users. This may also encourage private operators to decrease their prices.

Policy Recommendation II: Offering a low-priced or free broadband service targeted for disadvantaged segments of the population

Rationale:

Disadvantaged socio-demographic groups have limited capacity to afford the acquisition of broadband services. Governments can develop sound policies for creating an appropriate environment where disadvantaged groups could afford broadband services. Governments can also offer free internet access in the public institutions such as schools, libraries or health clinics. For this purpose, governments can encourage private operators to offer a low-priced broadband service for disadvantaged segments of the population. This can be achieved in the context of the formulation of a national broadband plan. Alternatively, it could be achieved as part of an agreement between the government regulator and a private incumbent operator as a condition for allowing the latter to pursue a particular initiative (e.g. a merger or an acquisition).

⁵ OIC Member Countries at initial stage refers to the countries which need to increase both supply and demand for broadband services. For those countries, a combination of infrastructure deployment incentives and demand stimulation policies are required to increase broadband penetration.