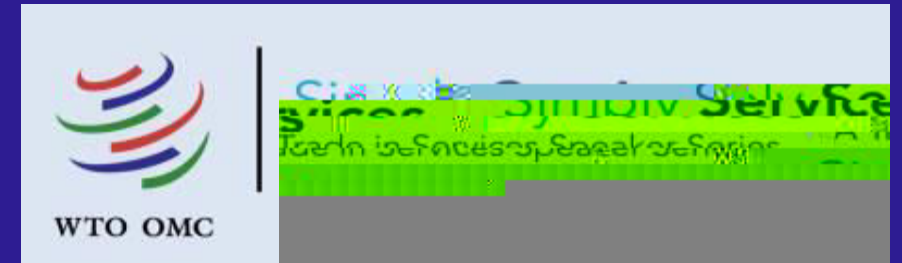


POLICIES TO ADDRESS THE POST-COVID CONNECTIVITY CHALLENGE

Dr. Raul L. Katz



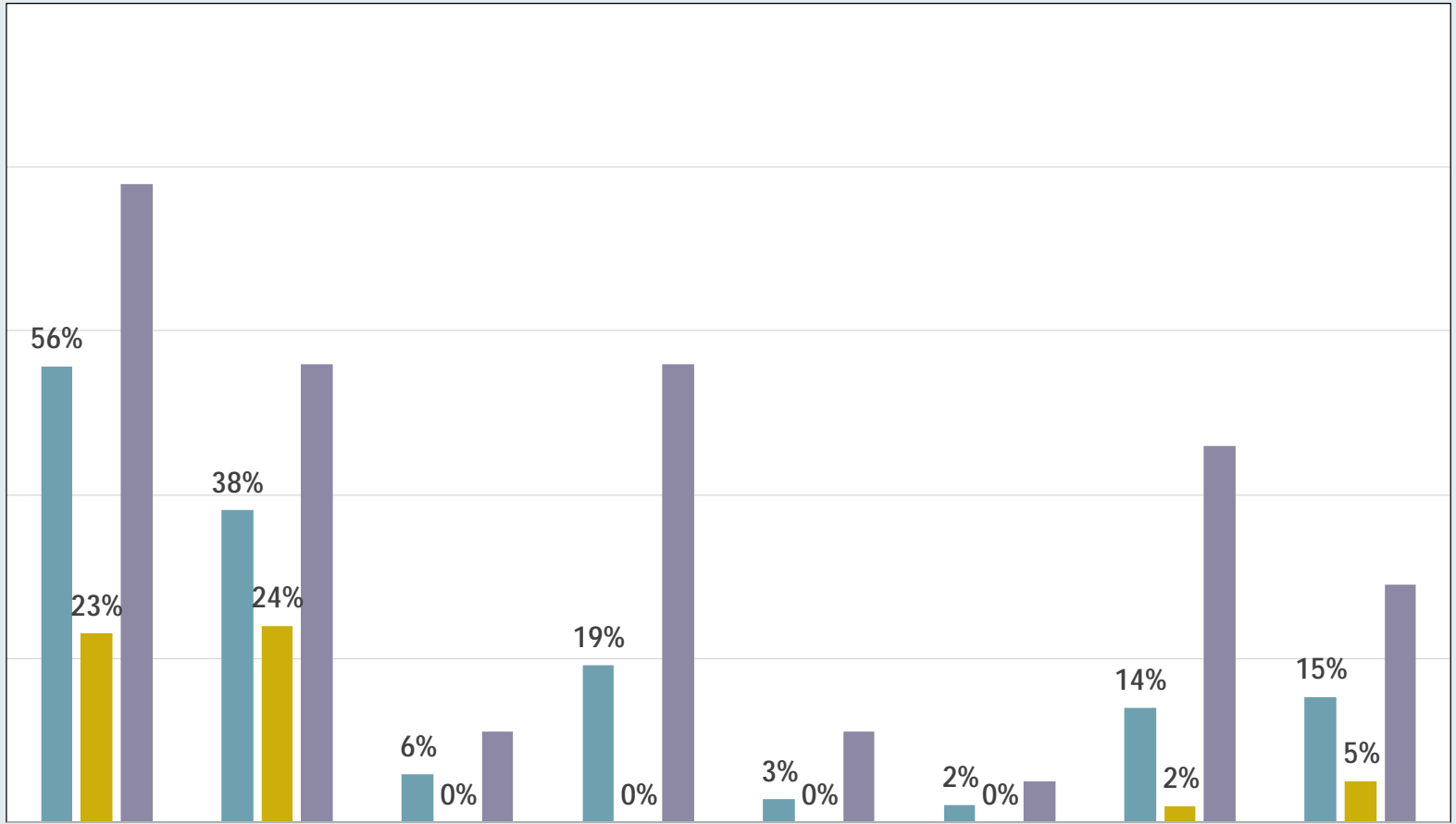
Connectivity, Competition & Collaboration
The 3Cs of Digital Trade
What policies for post-COVID success?
Geneva, June 22, 2021

NON- INTERNET USERS (2019)

UNSERVED BROADBAND (2020)

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*



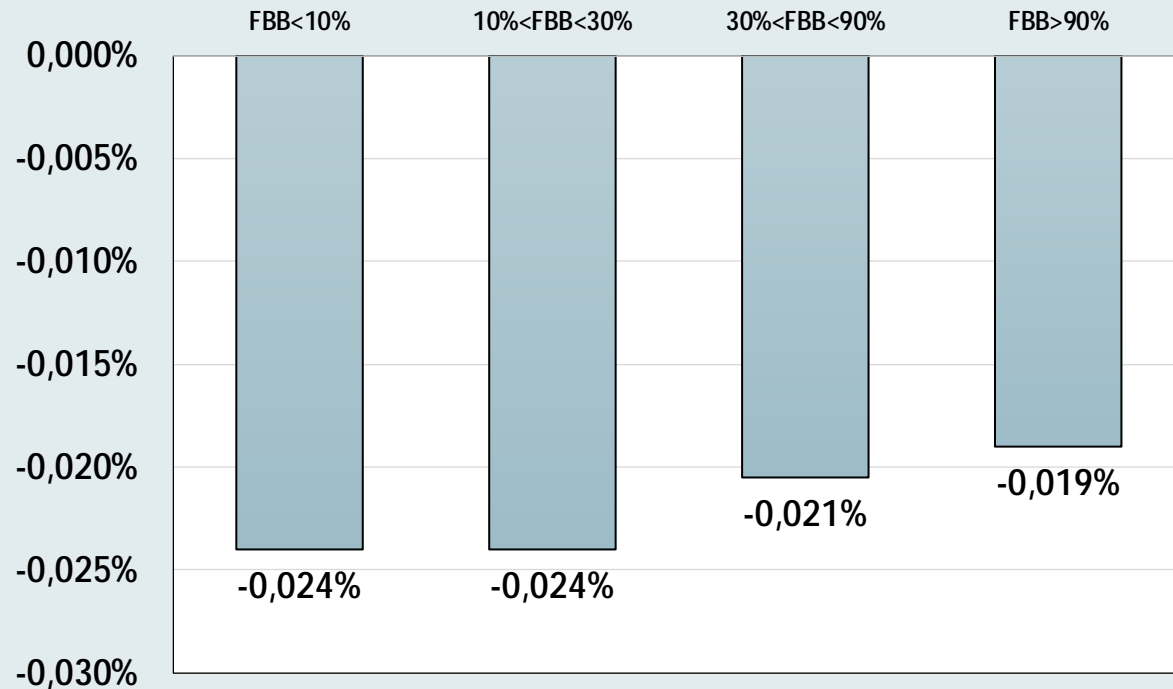


**TELECOMMUNICATIONS INVESTMENT
PER CAPITA (USD)**

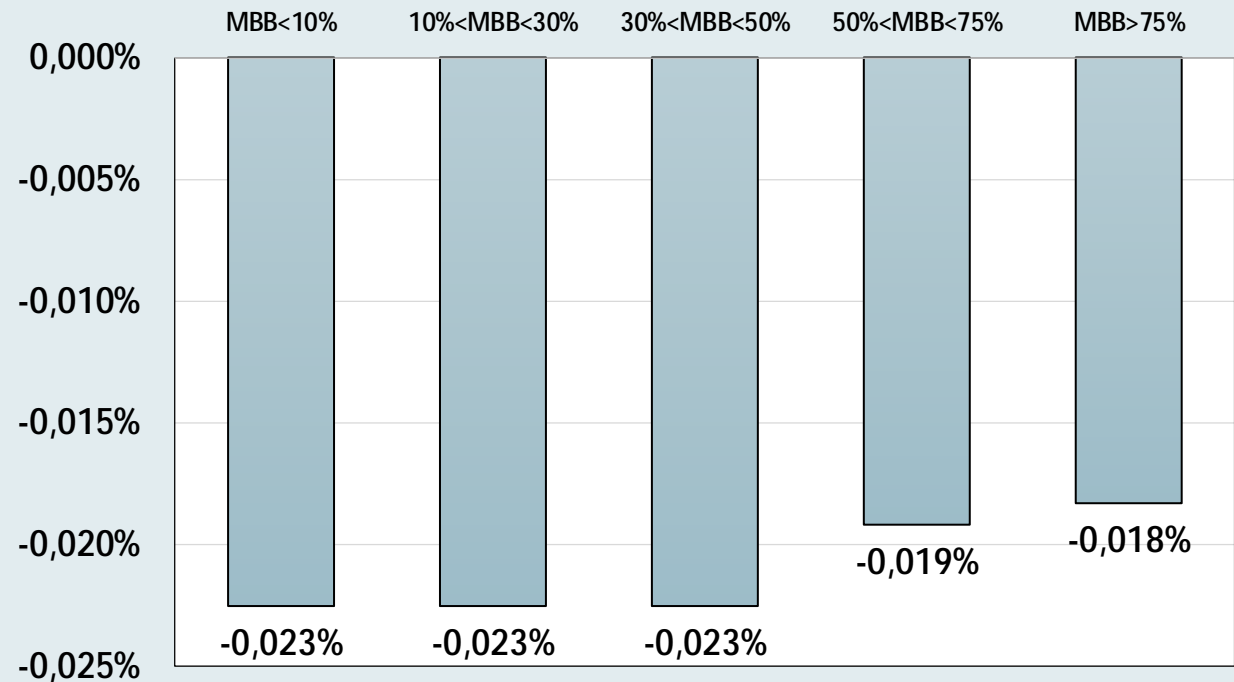


PERCENTAGE VARIATION IN QUARTERLY GDP PER CAPITA AFTER AN INCREASE OF 1% IN COVID DEATHS PER 100 POPULATION

By level of fixed broadband penetration



By level of mobile broadband penetration



Source: Katz, R. and Jung, J. (2021). *The Economic Impact of Broadband and Digitization through the Covid-19 pandemic - Econometric Modelling*

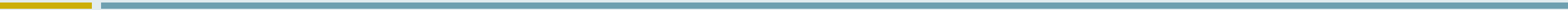
It is critical to explore new business models and financing methods to address the digital divide in the context of the pandemic

The universal service funds cannot address, on their own, the digital divide

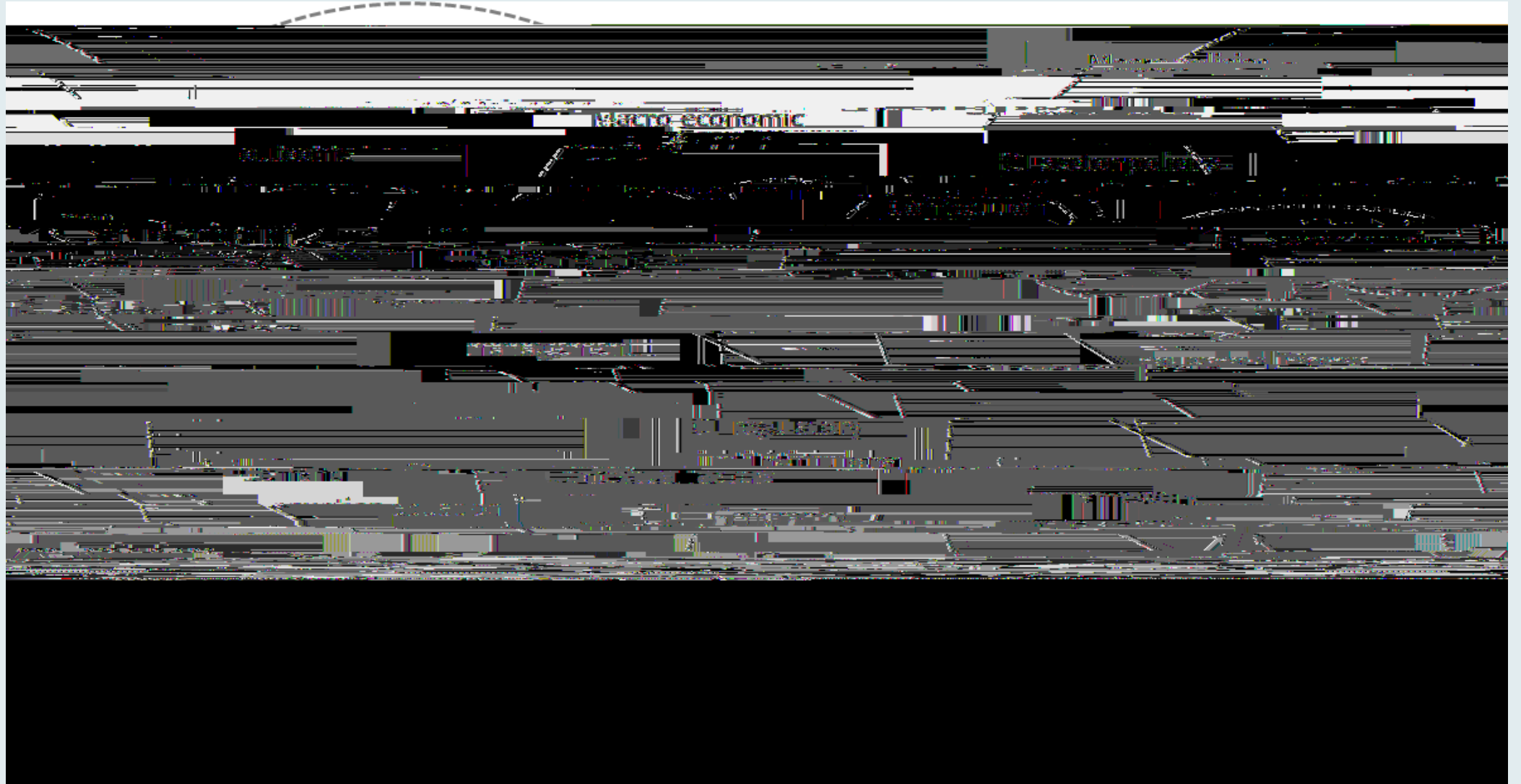
There is no single model to be relied upon; the solution to the problem must be tackled through a combination of business models and investment incentives

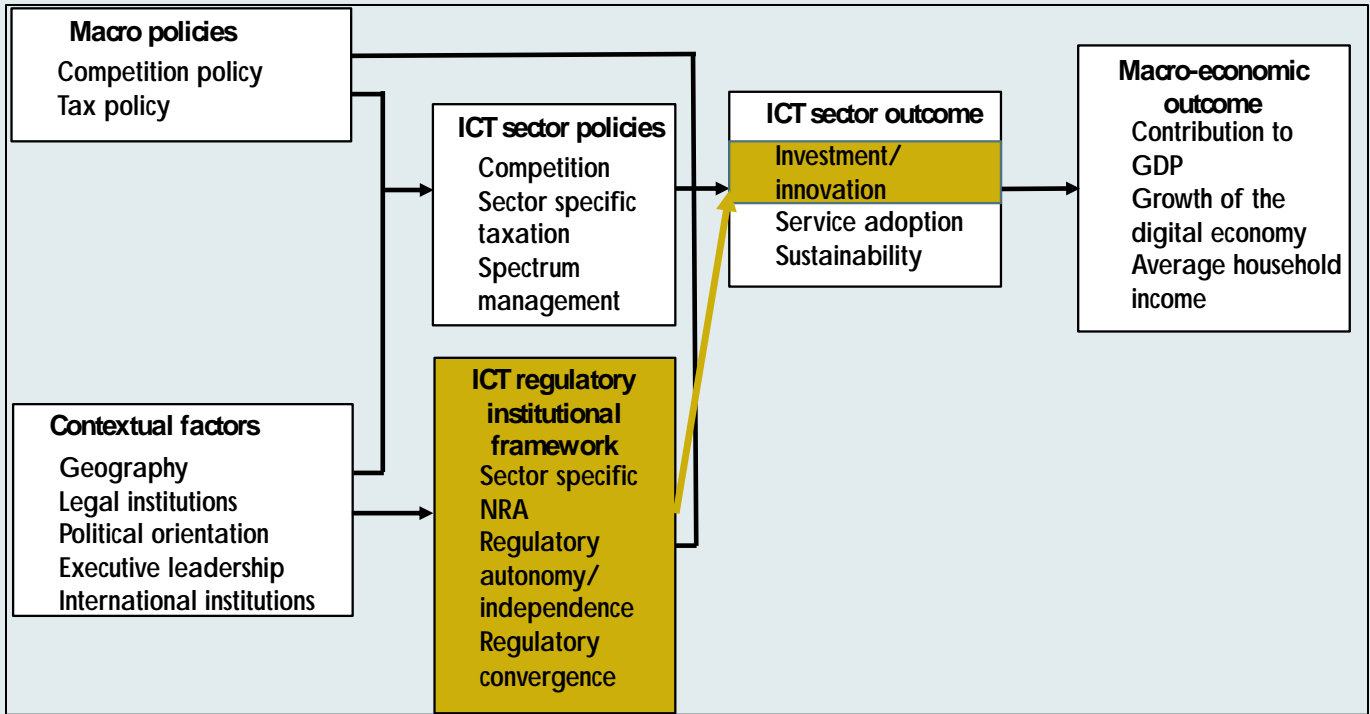
Regulatory frameworks may need to be adjusted to stimulate investment whilst maintaining a “sensible” level of competition, shifting from a “purist” to a “pragmatic” viewpoint on State aid regulation

A large part of potential business models existed before the pandemic – the challenge remains how to scale them



MODEL EQUATIONS TO DEPICT CAUSAL LINKS





IU Regulatory Tracker comprised of all four scores	An increase of 10% in the Tracker score is associated with an increase of fixed and mobile

Macro policies
Competition policy
Tax policy

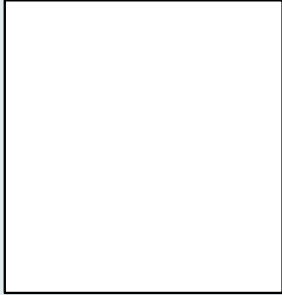
Contextual factors
Geography
Legal institutions
Political orientation
Executive leadership
International institutions

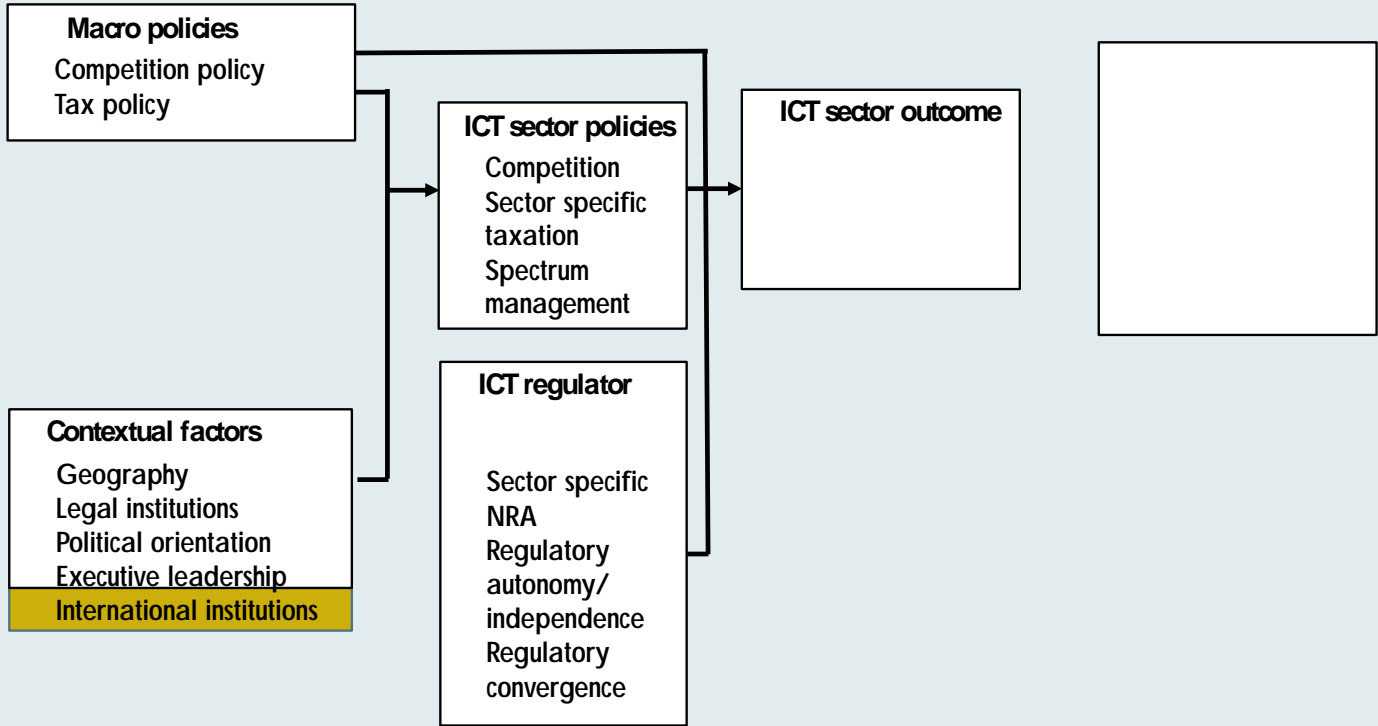
ICT sector policies
Competition
Sector specific
taxation
Spectrum
management

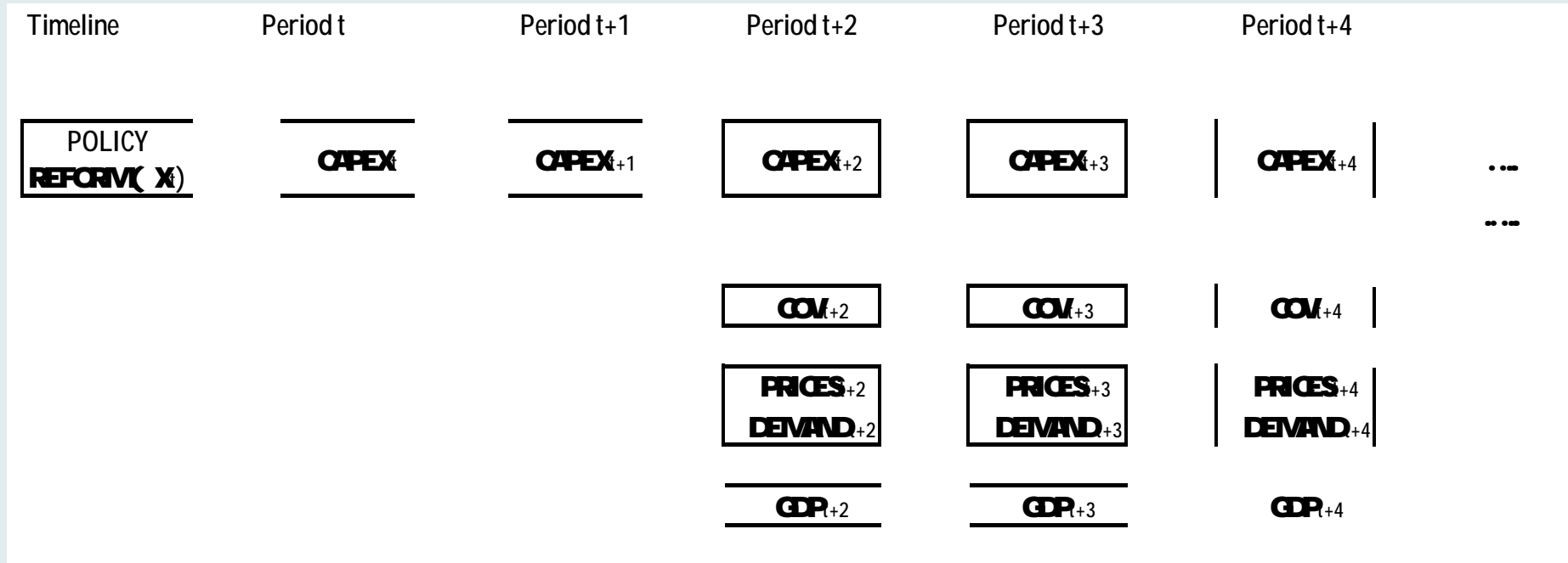
ICT regulator

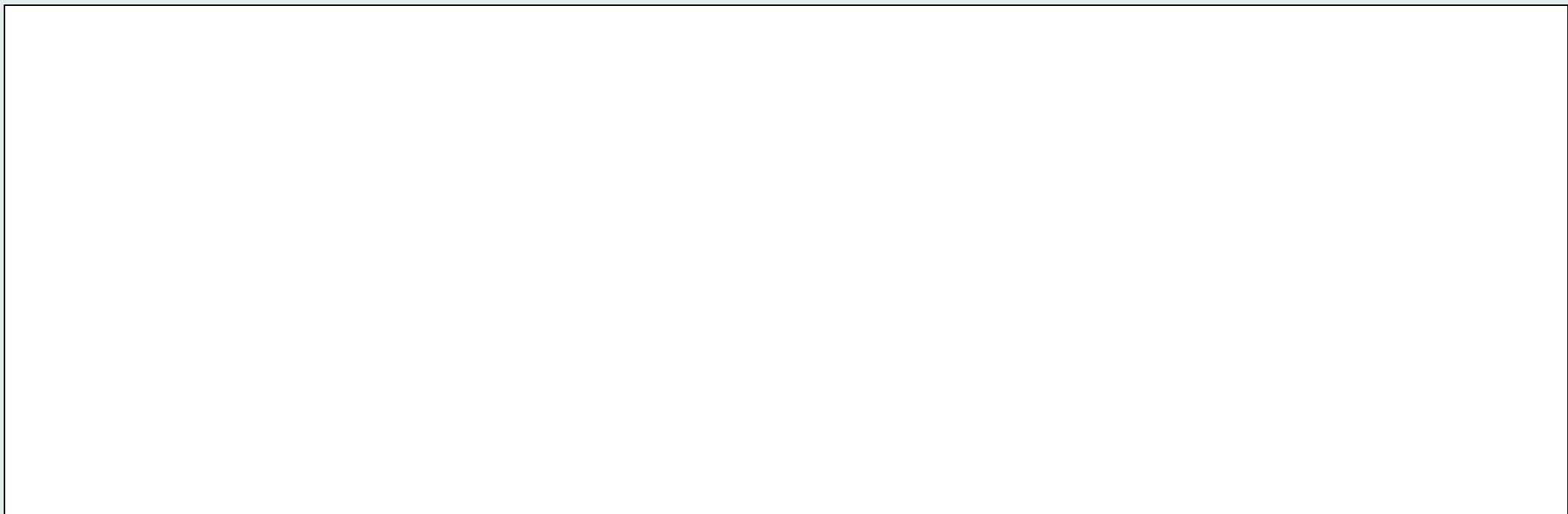
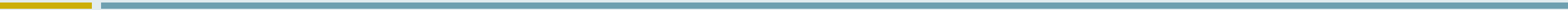
Sector specific
NRA
Regulatory
autonomy/
independence
Regulatory
convergence

ICT sector outcome









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

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



For further information please contact: