



Harnessing the benefits of broadband

OOCUR 10th annual conference 2012

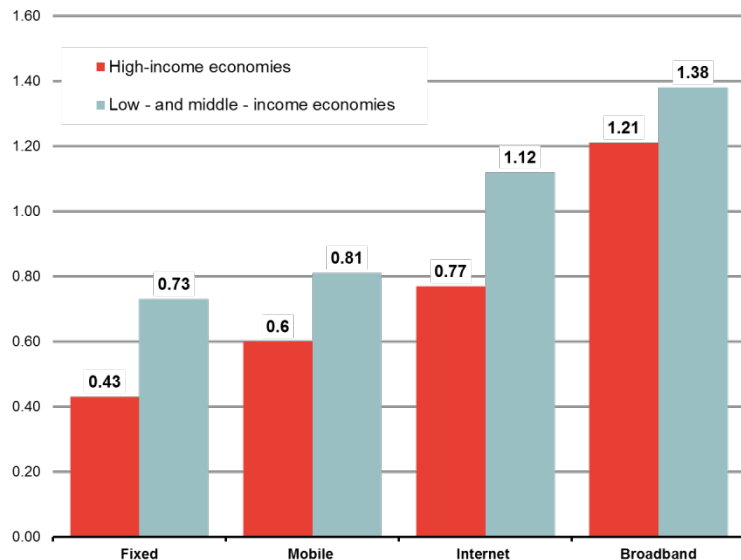
09 November 2012

There are wider benefits of further broadband take-up

General recognition that wider availability of broadband services can benefit economies

Direct benefits from sector contribution to output, employment & productivity

Indirect benefits from enhanced speed & quality of information flow

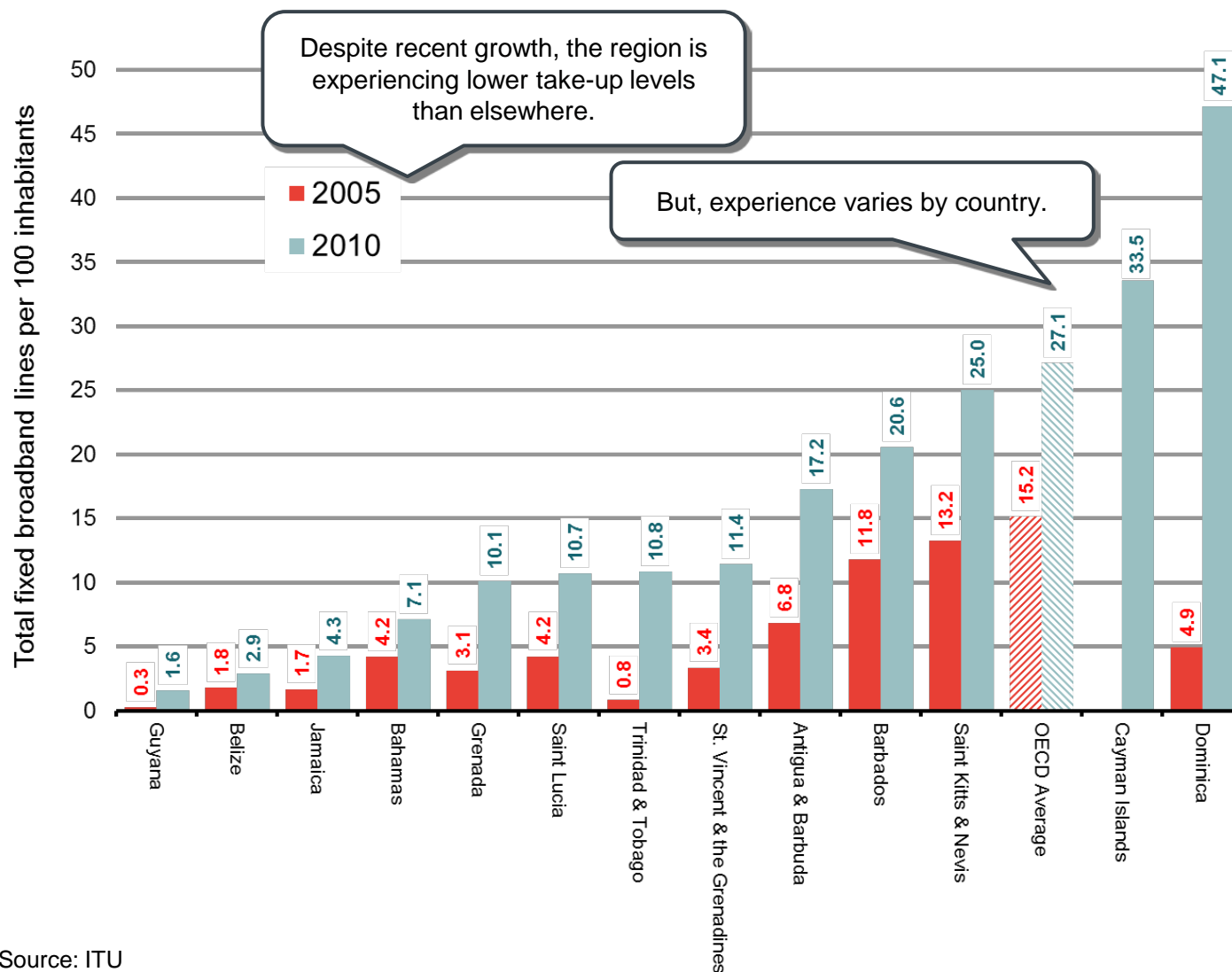


Percentage point increase in economic growth per 10% increase in penetration
Source: ITU/UNESCO

This also holds for the Caribbean:

- Recent IDB study found that a 10% increase in broadband penetration would increase GDP by 3.2% and productivity by 2.6%.
- These benefits increase with higher broadband penetration rates.

But, fixed broadband penetration levels across most of the region are still behind other countries



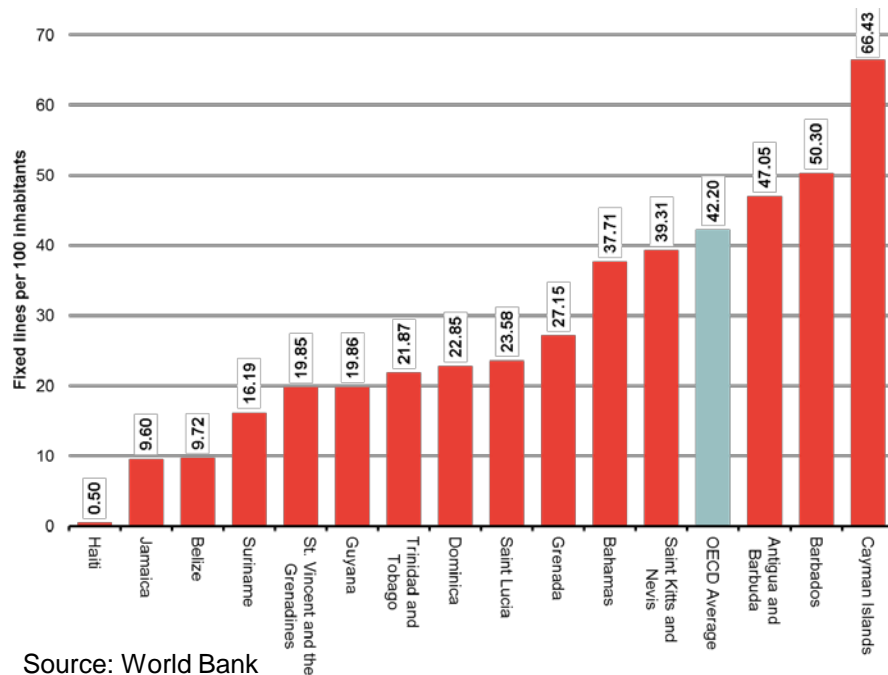
Source: ITU

This appears to be driven by a range of factors

Caribbean markets are falling behind on several demand and supply side factors

Supply side

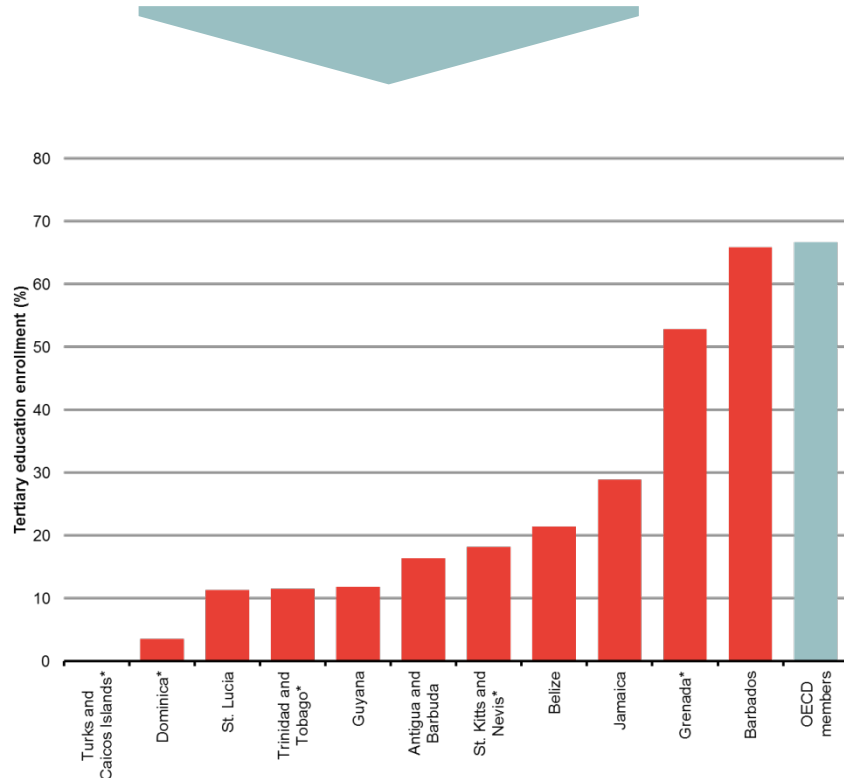
- Low penetration of fixed telephony networks prevents roll-out of DSL broadband services
- Thus, mobile and partly cable networks will play an important role



Source: World Bank

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* Observations for countries with asterisks are only available for 2005

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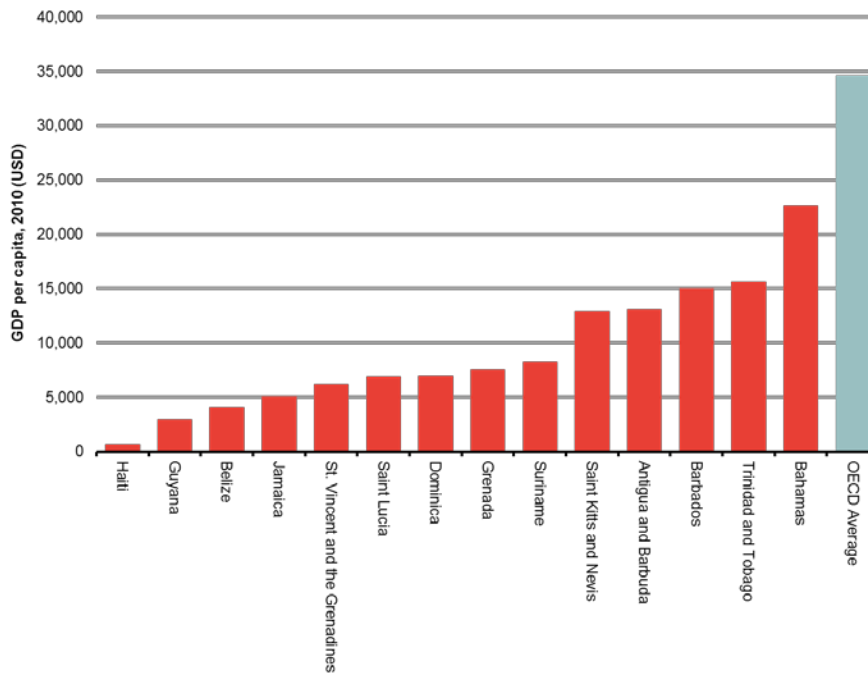
Demand side

Demand appears constrained by:

- Lower digital literacy/tertiary education levels

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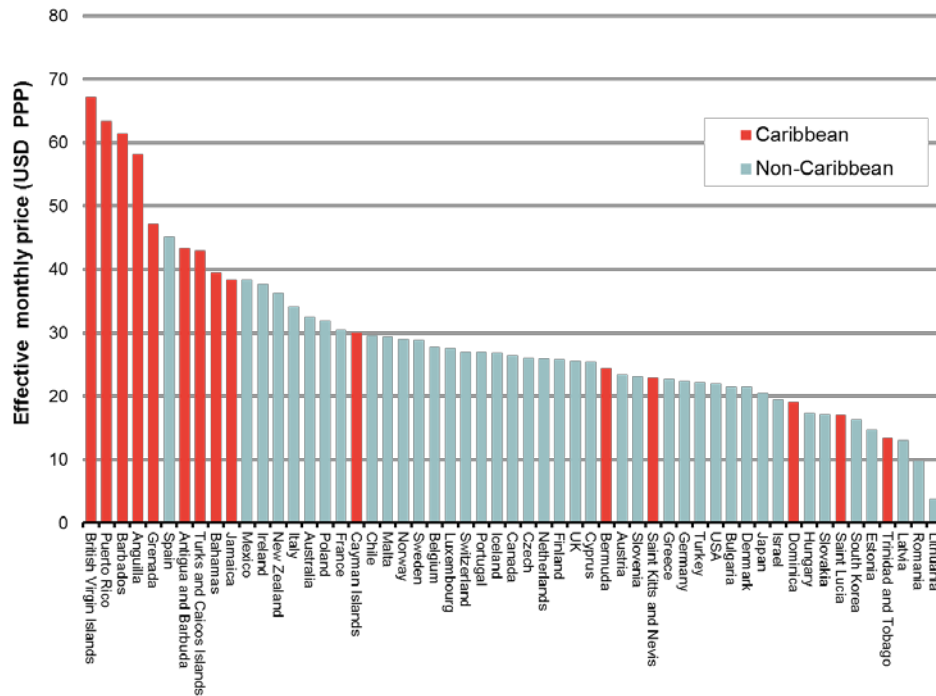
Demand side

Demand appears constrained by:

- Lower digital literacy/tertiary education levels
- Lower average income

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Demand side

Demand appears constrained by:

- Lower digital literacy/tertiary education levels
- Lower average income
- Higher average prices

There are several levers available to policy makers

In the presence of 'market failure' there can be a case for public intervention

- Wider socio economic benefits may lead to lower private investment than socially desirable
- Targeted public intervention may help alleviate this market failure

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There are a range of supply and demand side measures available

Supply side measures

Aim to ensure broadband services are available to end-users

- Promote competition and market entry
- Reduce operators' costs of roll-out
- Direct development of broadband infrastructure

Demand side measures

Facilitate demand and take-up of broadband services by end-users

- Reduce cost of broadband services to end-users
- Increase perceived benefits from broadband services

Supply side measures target service availability

Promote competition and market entry

- Effective and stable regulatory framework to promote market entry and competition
- Effective spectrum management to promote wireless network deployments

Reduce operators' costs of roll-out

- Direct subsidies, long term loans, tax reductions
- Reduce administrative processes required for roll-out
- Facilitate access to alternative (public) networks
- Promote network sharing

Direct development of broadband infrastructure

- Deploy national broadband network and offer open access to providers
- Cooperative models / Universal Service Funds

Demand side measures aim to boost take-up

Reduce cost of
broadband
services to end-
users

- Direct subsidies on devices
- Connect public institutions, provide public access points

Increase perceived
benefits from
broadband
services

- Increase awareness of broadband services and associated benefits
- Promote digital literacy
- Facilitate content availability (e-initiatives)

Issues to consider for regional decision makers

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 - Key focus should be on promoting roll-out of broadband technologies
 - But this need to be followed by targeted demand side measures to ensure take-up

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 - Key focus should be on promoting roll-out of broadband technologies
 - But this need to be followed by targeted demand side measures to ensure take-up
- Any public intervention needs to be targeted and considered carefully
 - Important not to crowd out private investment
 - Technology neutral interventions
 - Develop flexible regulatory framework, facilitating competition

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 - Technology neutral interventions
 - Develop flexible regulatory framework, facilitating competition
- Scope for coordinated approach across the region
 - Regulatory authorities should be involved in designing & implementing key policies
 - Scope for regional coordination, esp. on supply side measures



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FRONTIER ECONOMICS EUROPE LTD.
BRUSSELS | COLOGNE | LONDON | MADRID

Frontier Economics Ltd, 71 High Holborn, London, WC1V 6DA
Tel. +44 (0)20 7031 7000 Fax. +44 (0)20 7031 7001 www.frontier-economics.com