

New Digital Deal for Post COVID economic recovery

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The impact of unequal access to ICT infrastructure on the Geography of
COVID-19 Diffusion

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COVID-19 Pandemic & digital inequality

▶ pandemic and lockdown has brought into stark relief the implications of digital inequality not longer only for moving ones' work, schooling, banking and play online but also for access to social grants, filing for business relief, unemployment and even food relief (life opportunities & survival).

Ruptured informal values chains preventing informal sector to act as usual bugger to global economic shocks.

7 SDG ICT indicators - 6 targets under SDG Goals 4, 5, 9,17

- Digitalisation has been identified as a crucial ingredient for achieving some SDGs.
- Digitalisation plays a crucial role accelerating access to knowledge, economic growth, job creation, equality - and can create new opportunities for innovation.
- Is critical to facilitating international trade by providing access to and accelerating communication and facilitating payments.
- Digital advancement is commonly linked with growth and economic integration. But the process is not automatic. Technological advancements are not a guarantee of greater trade and economic integration nor social and economic inclusion.
- Understanding what factors limit participation in the digital economy is crucial to policy makers if we are to address digital inequality and realise the benefits of advanced technologies.
- **ITU and Broadband Commission have warned that we are far off meeting ICT target for 2030.**



Countering the hype of the Fourth Industrial Revolution, 5G, Smart Cities...deflects attention from 2 &3 IR issues of universal access and use...

Technology will not necessarily translate to economic development, wage growth or productivity.

Unless very intentional balancing of commercial, supply side valuation in allocation of resources to demand side valuation considerations, advanced technologies will exacerbate digital technology rather than alleviate it

Digital Inequality Paradox

While connectivity is clearly a precondition of digital inclusion, connectivity in a data environment, on its own, does not redress digital inequality

as more people are connected, digital inequality is increasing

Not only the case between those online and those offline (as is the case in a voice and basic text environment), but also between those who have the technical and financial resources to use the Internet optimally and those who are barely online.

Global cooperation to realise global public goods at national level

- ▶ One of the wickedest policy problems and governance challenges today as a result of rapid digitalisation and datafication of increasingly complex globalised economy requiring adaptive response to inherent tendency towards concentration and inequality and national and global governance level

Broadly penetration tracks GNIpc

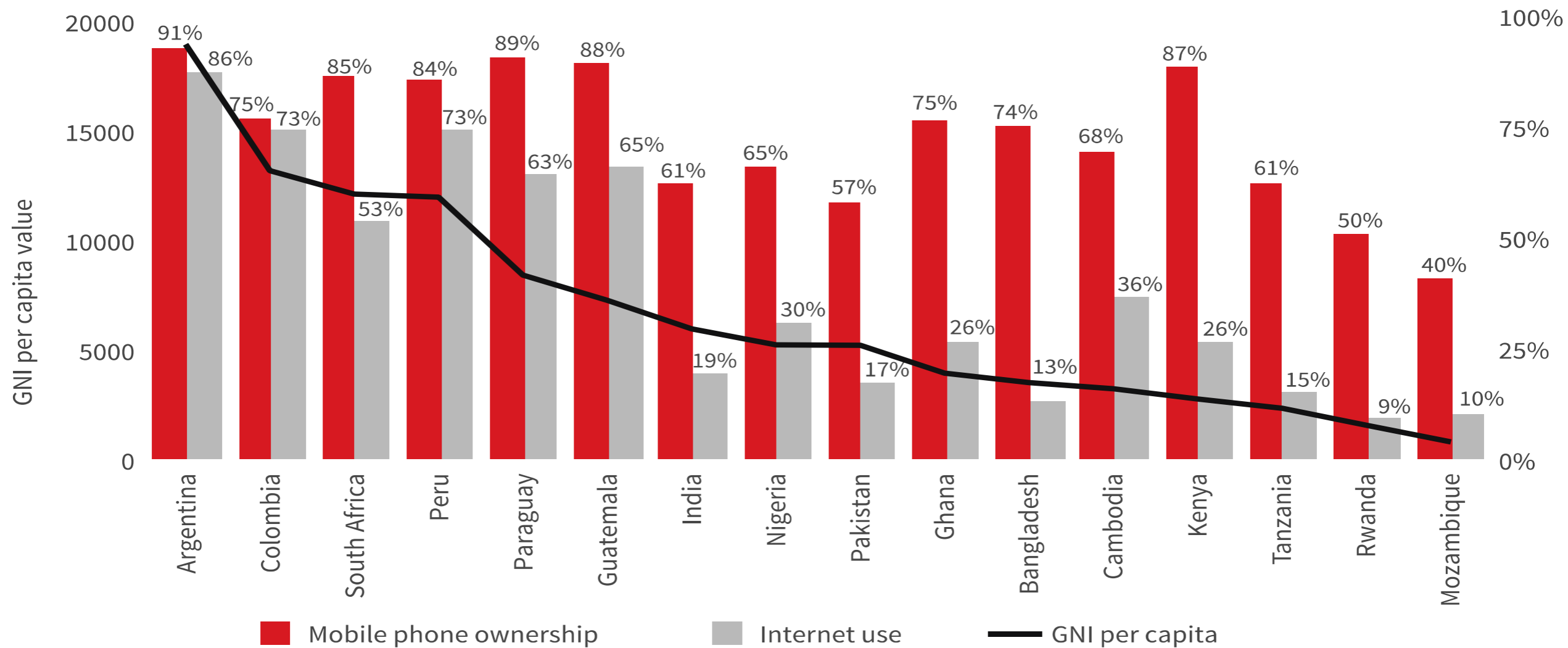


Figure 1: Mobile phone ownership, Internet use and GNI per capita

Sources: RIA After Access Survey, 2017; World Bank, 2018

Gender gap and urban-rural divide

Modelling shows that determinants of access education & income

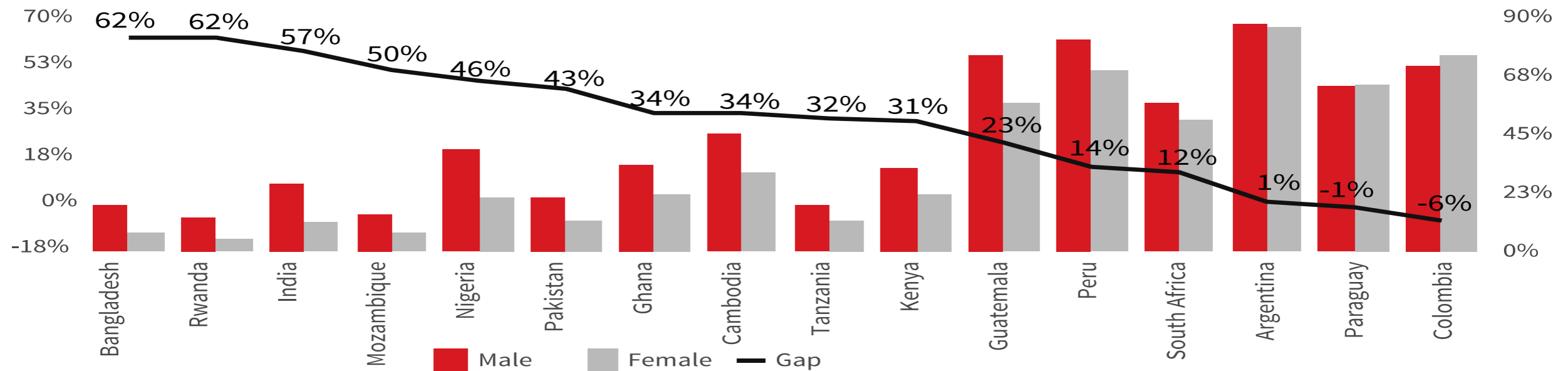


Figure 2: Gender gap in Internet use

Source: RIA After Access Survey, 2017

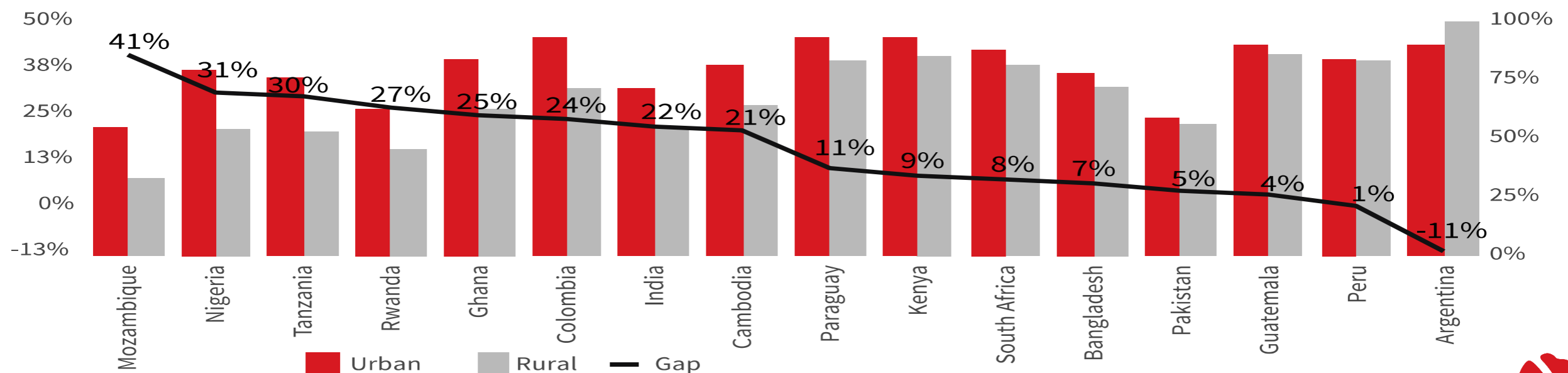


Figure 3: Urban-rural divide in Internet use

Source: After Access Survey, 2017

Smartphone penetration aligned with Internet penetration

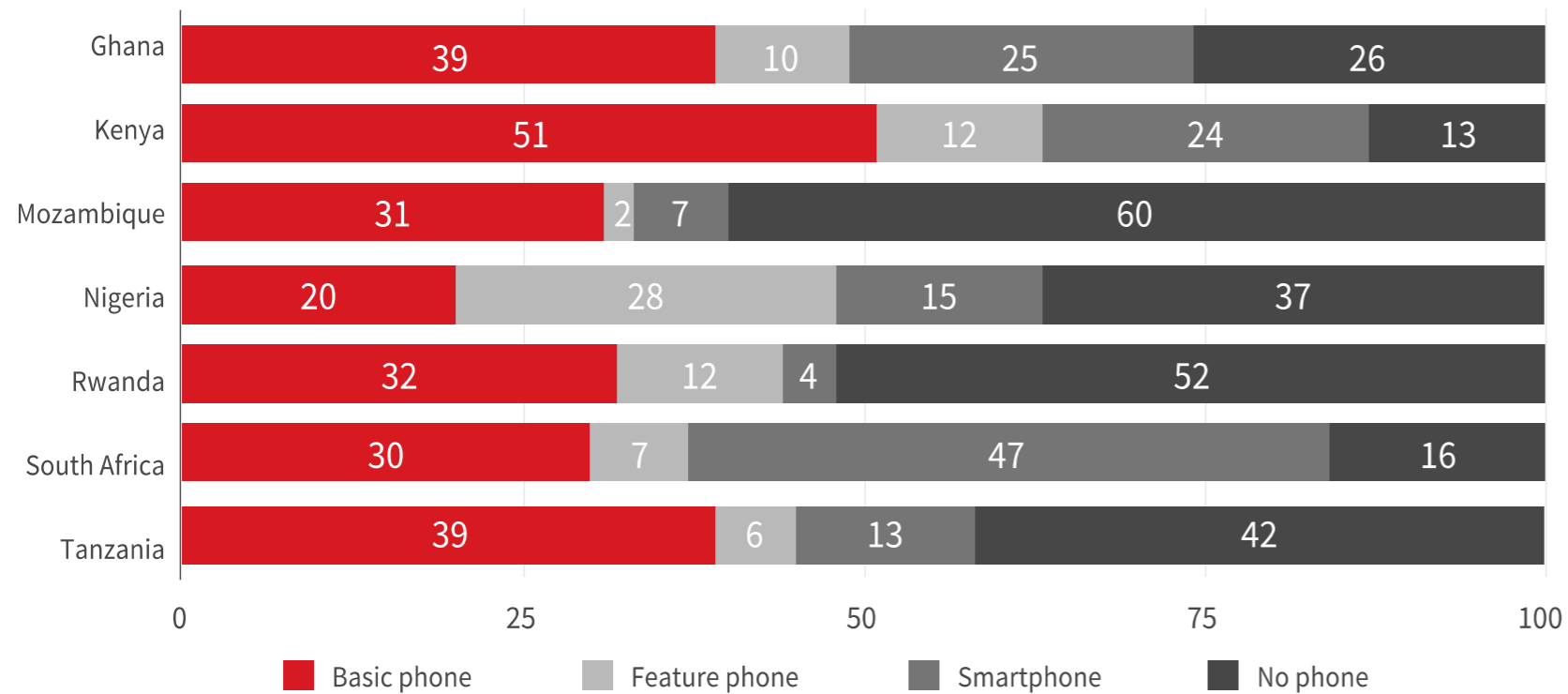


Figure 22: Penetration level by type of mobile phone
 Source: RIA After Access Survey data, 2017

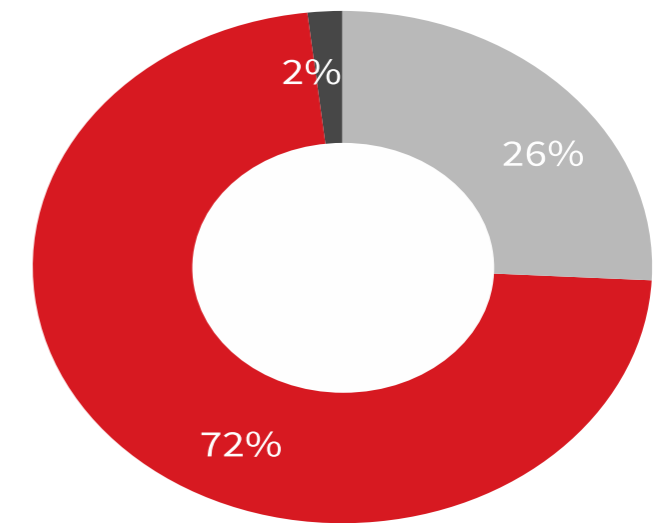


Figure 23: Population grouped by 'device used' to access the Internet
 Source: RIA After Access Survey data, 2017

Platform work

Informal sector Internet access 7% on average across Africa and as low as 1% in least developed countries

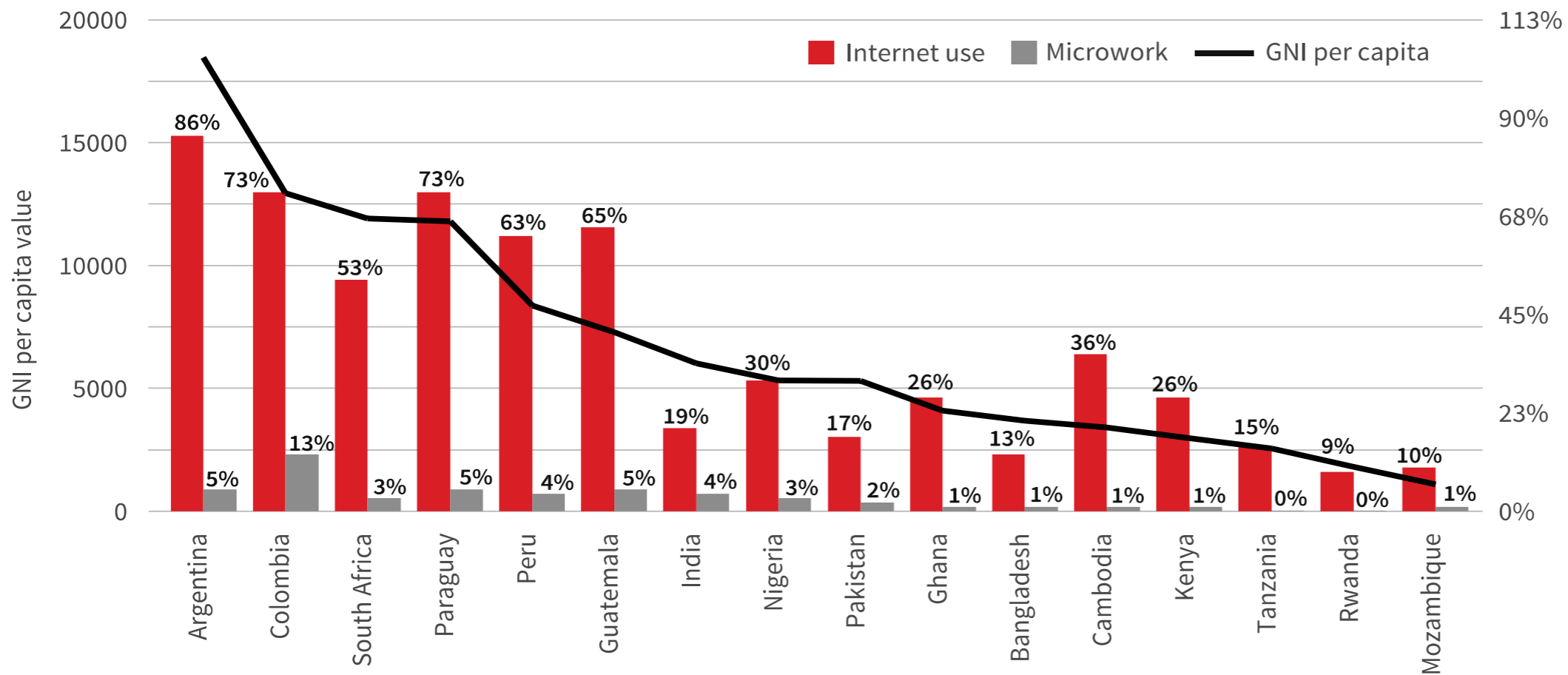


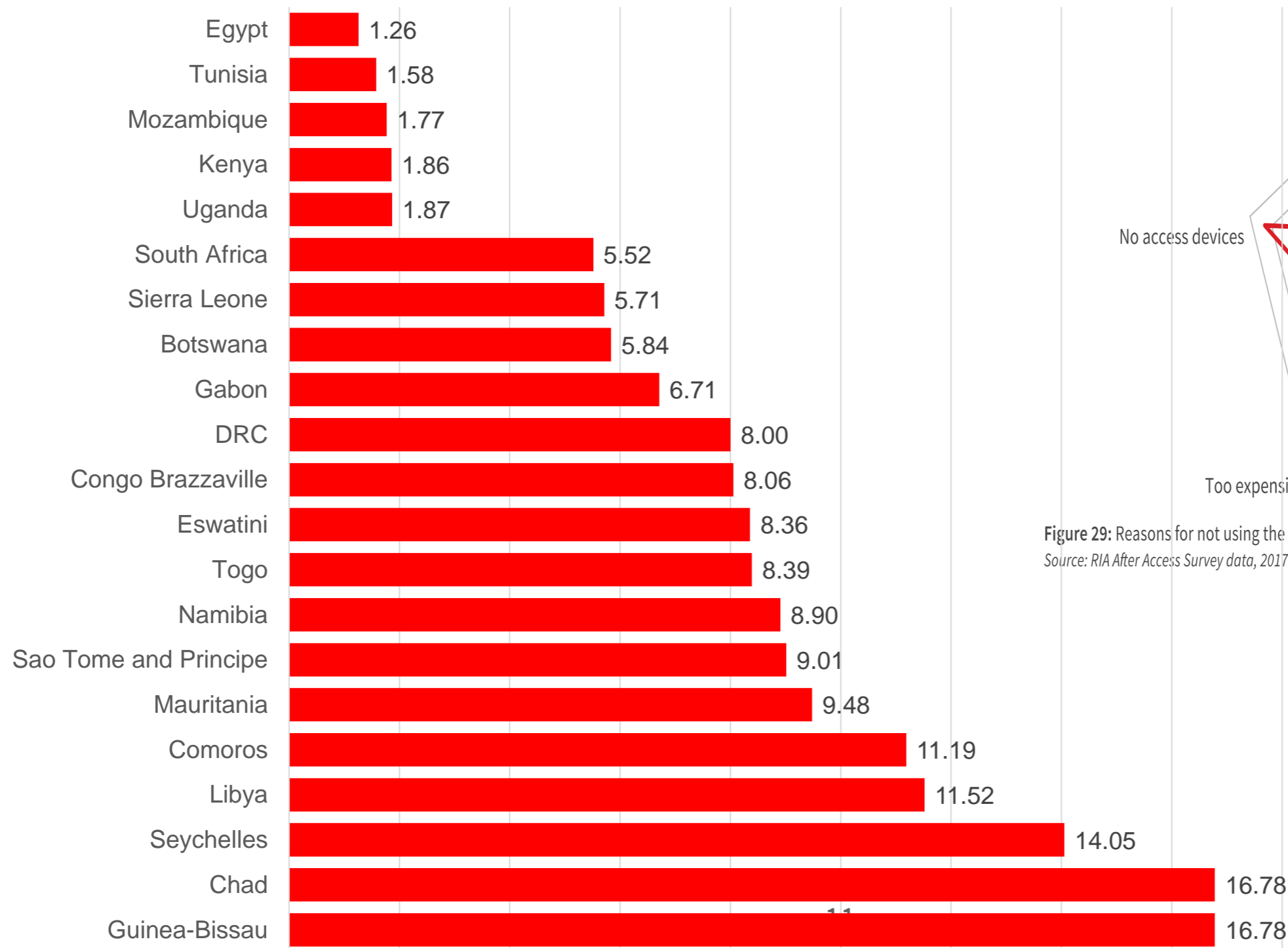
Figure 1: Mobile phone ownership, Internet use and GNI per capita

Source: Research ICT Africa, After Access Survey, 2017; World Bank, 2018

Barriers to access

Price, quality, digital literacy

1 GB data prices(USD) on the RAMP Index (2020Q2)



Affordability of devices

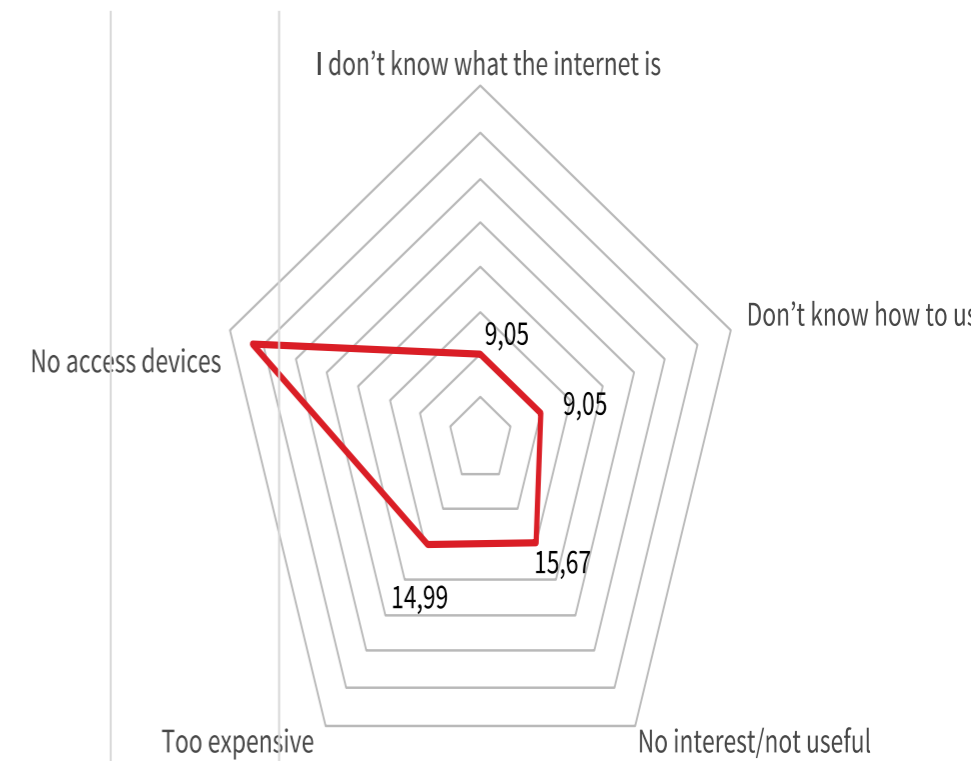


Figure 29: Reasons for not using the Internet
Source: RIA After Access Survey data, 2017

COVID - contact tracking, mobility monitoring, dashboard

- ❖ Bluetooth enable smart phones do not exist in sufficient numbers to may of the applications worthwhile
- ❖ Invisibility or bias in data for dashboards
- ❖ Rights and data protection framework not in place - lack of trust – private and state surveillance
- ❖ Simply not the physical resources even to follow up on mobile data for contact tracking purposes

Problems of being unconnected

- ❖ Global public goods not available to vast majority of Africans.
- ❖ Many countries are below the 20% critical mass to enjoy **network effects** (penetration and use). (Roller and Waverman 2006)
- ❖ Policy uncertainty, little effective regulation of markets to make them competitive - negative impacts on **investments and consumer welfare**.
- ❖ Low levels of **human development** prevent harnessing digital technology for personal wellbeing and **entrepreneurial** production.
- ❖ **Cost and quality** of broadband not conducive to **innovation**
- ❖ Little contribution to national prosperity (**value add to GDP** and development).

What do we need to do?

We cannot continue to do the same things and hope for different results/we cannot go back to 'normal'

- ❖ Even if there was effective regulation of markets current prices even on basis of effective regulated prices the majority of African would be able to afford services.
- ❖ Current business models, exclusive licencing frameworks, extractive rents by governments through retrogressive/irrational taxation/spectrum fees/unused or misused universal service levies; and by dominant mobile companies who are able to set prices and leverage dominance in their market.
- ❖ Dominance of global platforms accountable to no one – unable to exercise data governance/privacy protections for citizens on the one hand, not gain access to private data for common good (public health)

What **policy interventions** could more equitably allocate resources (from spectrum to data) to ensure **meaningful access** to quality public goods in the digital era?

Global (Green) New Deal

“The broad aim is to catalyse a big **transformative push** by breaking with austerity economics, promoting **public investment and crowding-in productive private investment**...While the appropriate mixture of **recovery, regulation and redistribution** will vary across countries (and with **policy experimentalism of particular importance in the developing world**), all policymakers must translate new digital deal to the **global level to leverage the opportunities of today’s inter-dependent world.**” (UNCTAD policy brief 63, 2017)

New Digital Deal

Global processes of digitalisation and datafication cut across economy and society requiring a non-sectorally siloed, transversal national & international supply and demand side policy to:

- ❖ **New social compact will require :**
 - ❖ competent state to play enabling role (institutional capacity);
 - ❖ crowd-in [productive public investments so that public investments directed at ‘uneconomic’ access and services challenges;
 - ❖ conduct low risk experimentation in market structure, alternative access strategies and business model, licensing
 - ❖ guard dangers of instrumental competition regulation, acknowledgement of competitive & complementary OTTs, IOTs requiring dynamic efficiency models and adaptive regulation to deal with global complexity and not to inhibit innovation
 - ❖ engage in global regional governance of public goods - global digital taxation (substitute for regressive/irrational sin tax and content and data protection₁₇

Experimentation now for transformation

- ❖ Market reviews to determine market dominance and remedy through enabling wholesale access to enable market entry of multiple players, fair competition between licensees, competition on price and quality.
- ❖ New spectrum assignments accompanied by default lower cost, secondary/dynamic spectrum in rural areas, community, low powered licences, greater commons (free public wi-fi at all public buildings)
- ❖ Removal of excise tax on entry level smart phone devices and services
- ❖ Leverage private investments (transfer risk) for fibre extension through long term state anchor tenancy in uneconomic areas/ low cost satellite.

Thank you

Research made possible by

