

Regulation and Policy Intervention on International Internet Connectivity

*Case of Malawi: Land Locked and Least Developed
Country*

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2. Key Challenges;
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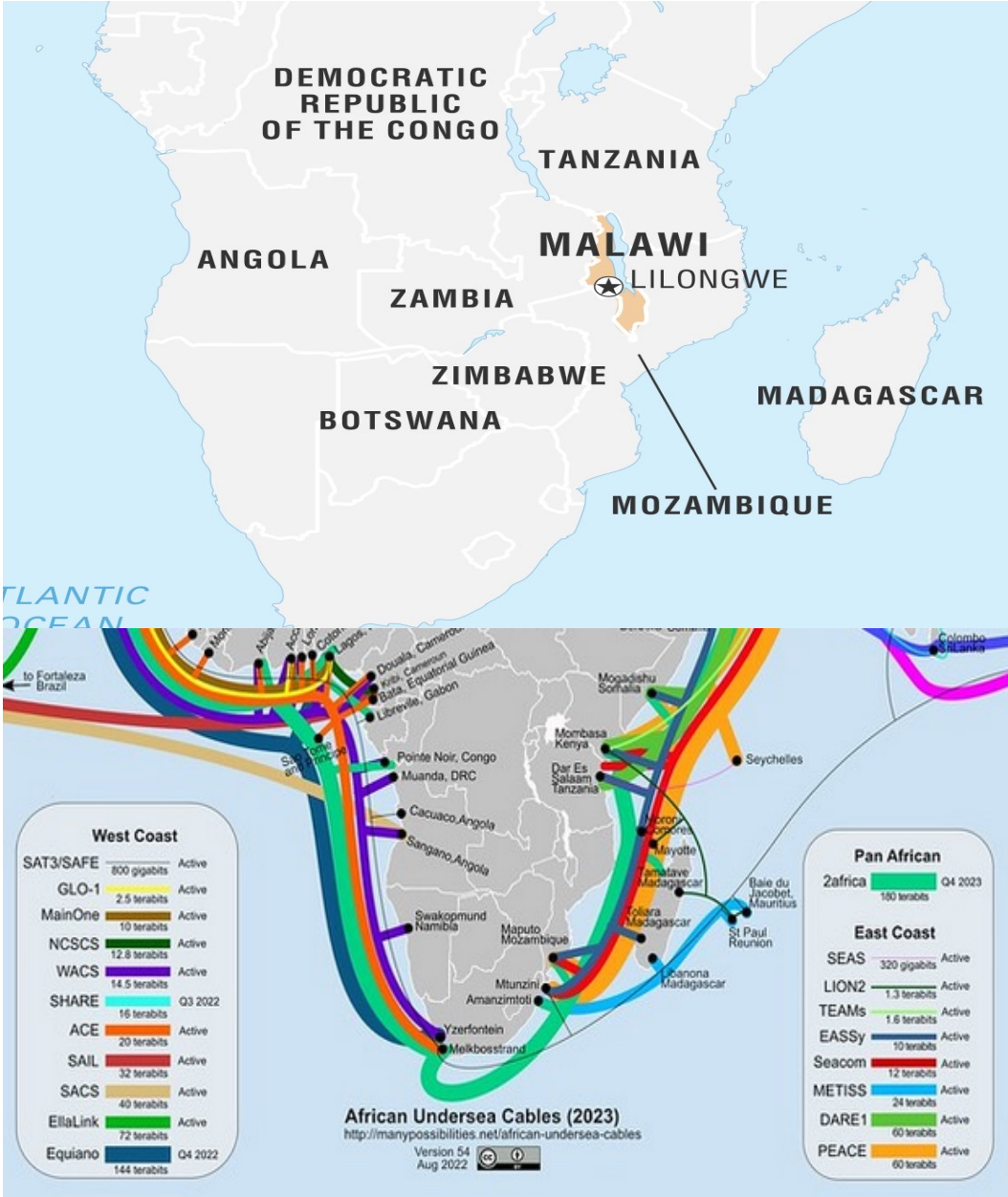
Overview of Malawi's Digital Economy



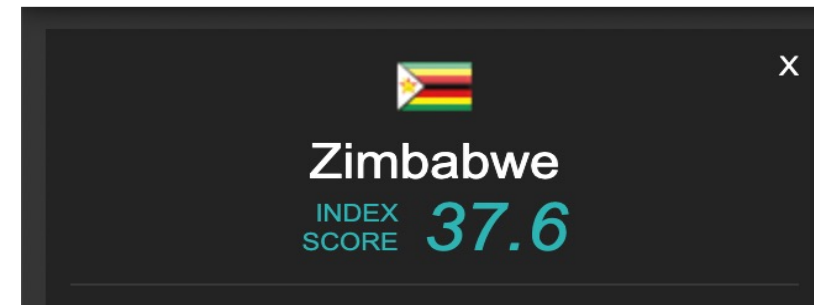
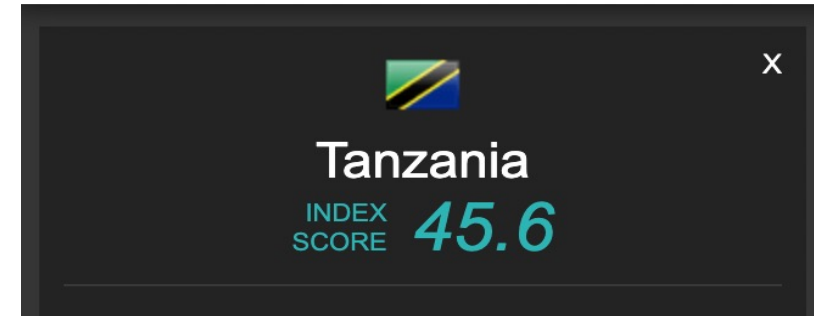
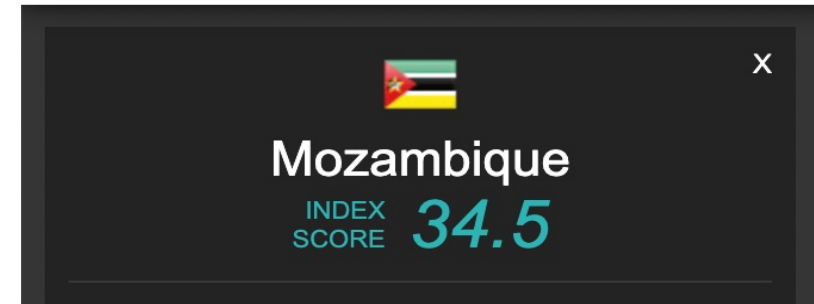
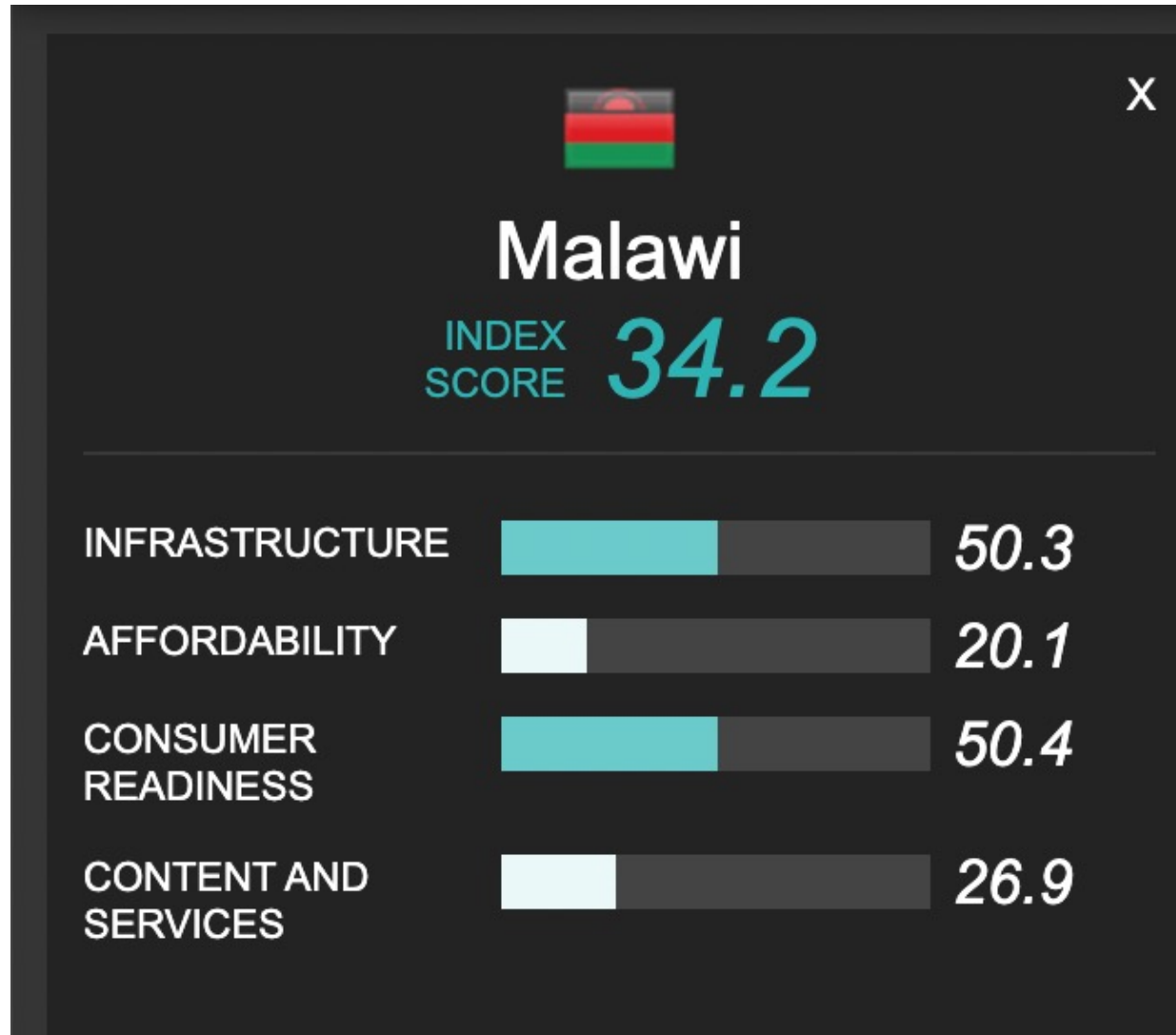
Key Metrics

20.45	1,610
Population (millions)	GNI per capita (\$PPP)
82	84
Rural Population (% of total)	Mobile Broadband Coverage (% of population)
59	46
Mobile Connections (% of population)	Mobile Broadband Connections (% of population)

Source: GSMA Intelligence



Digital Connectivity Index



Key Challenges to Deepening Digitalization

1. High cost of Internet Data
2. Low number of smart devices
3. Low digital literacy
4. Limited coverage
5. Lack of local content
6. Lack of digitally monetized services
7. High cost of .mw Domain Name
8. Need for legislation review

Challenges to Deepening Digitalization

Affordability of ICT services, 2023

Table 1: Largest price declines from 2022 to 2023, in percentage points

Basket	% price changes in terms of GNI per capita	% price changes in terms of PPP\$
Data-only mobile-broadband basket	Global median: -0.2 Zimbabwe (-13.7), Haiti (-10.3), Lebanon (-7.8)	Global median: -2.9 Haiti (-23.3), Seychelles (-11.1), Namibia (-10.8)
Mobile-cellular low-usage basket	Global median: -0.04 Chad (-8.8), Central African Rep. (-7.5), Marshall Islands (-4.6)	Global median: 3.8 Timor-Leste (-24.4), Dominica (-24.3), Cabo Verde (-18.5)
Mobile data and voice low-consumption basket	Global median: -0.2 Liberia (-11.5), Central African Rep. (-10.3), Cabo Verde (-7.8)	Global median: 1.9 Cabo Verde (-41.8), Timor-Leste (-26.2), Thailand (-17.8)
Mobile data and voice high-consumption basket	Global median: -0.4 Zimbabwe (-21.3), Liberia (-18.3), Cabo Verde (-18.1)	Global median: -3.4 Cabo Verde (-101.4), Seychelles (-42.4), Timor-Leste (-39.3)
Fixed-broadband basket	Global median: -0.3 Malawi (-16.8), Tanzania (-16.3), Eswatini (-11.5)	Global median: 7.9 Eswatini (-82.3), Timor-Leste (-51.1), Tanzania (-43.7)

Source: ITU

- Duopoly of the GSM market (MNOs) – dominated by Airtel & TNM
- Limited options
- Excise tax on Data and Airtime
- Little oversight by the Regulator on the IP supply chain
- Supply restrained to fiber links through neighboring countries (landlockedness)

Challenges to Deepening Digitalization

High cost of smart device ownership



- Low smart device subscription (3.8mn smart devices against 12mn subscriptions)
- Low access to energy (11% of the population)
- Limited access to device credit financing options
- Taxes make up 60% cost of the landed cost

Challenges to Deepening Digitalization

Low Digital Literacy



- Mobile wallet fraud risk
- Digital divide widening (COVID-19 and Cyclones)
- Public schools lagging behind
- Poor infrastructure to support rural digitalization

Challenges to Deepening Digitalization

Local content and services



Digital Government services
unavailable online

Diminishing local television market

Consumption-based social media
usage

Non-monetization of content
created in Malawi

Digital payment systems restricted
to exclusive ecosystems

Regulatory interventions ...

1. Proposed amendment of the Communications Act
2. Drafting of Digital Bills
3. Drafting and promulgation of various regulations (tariff, type approval ...)

Key Government of Malawi Initiatives in Motion...

1. Diplomatic Data Corridors
2. IXPs set up for Lilongwe (Central) and Mzuzu (Northern)
3. Nacala-Liwonde Fibre Optic Cable
4. Smart device local assembly
5. Community Broadband operators – Yathu Yathu Operators

Opportunities & Conclusion

- Adoption and approval of the National Digitalization Policy by Cabinet.
- Finalized the amendment of the Communications Act and drafting of Digital Bills (to be submitted to Parliament)
- Signing of DDCs MoUs and Commercial Agreements.
- There has been a significant improvement on #DataMustFall from both operators and MACRA
- Engagement with GoM on taxes and tariff reduction is an ongoing matter
- GoM through MoID & MACRA pursuing Malawi 2063 initiatives

2027 Targets:

- Cost of Data from \$3.00/GB to around \$2.30/GB
- Enactment of the amended Communications Act
- Enactment of the Digital Bills
- Increase smart device population from 3.8million to 7.0million
- Increase penetration of Internet from 46% to 75%
- Improvement in the GSMA mobile connectivity index rating from 34.2 in 2023 to 60.0 in 2027
- Digital economy contribution to GDP to increase from 4.8% to 10% per annum

Thank you

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