

CONTRIBUTION FROM POTRAZ – ZIMBABWE

GSR-23 BEST PRACTICE GUIDELINES CONSULTATION

QUESTION 1: Defining regulatory and economic incentives to stimulate the deployment of digital infrastructure, especially in rural and isolated areas.

i. **Regulatory and economic incentives for sustainable digital future.**

The need to ensure a sustainable digital future is imperative especially when the world is faced with climatic change problems and other sustainability challenges.

Sustainable services ensure access to services using environmentally friendly models.

As such on the regulatory front, regulators and policy makers need to come up with initiatives to ensure sector players provide sustainable digital services. Regulatory and Economic incentives that can be put in place include:

- Promotion of green energy through lobbying for deployment of green energy at zero taxes.
- Use of evidence-based models to determine the tax-free thresholds for accelerated deployment of sustainable digital services.

ii. **Encouraging private sector to continue investing in rural, isolated, and non – profitable areas.**

It is important to encourage private sector to invest in rural, isolated and non – profitable areas to ensure access and use by unconnected sections of the society. Investment can be promoted through use of tried and tested models as well as adoption of novel proposals that include.

- Infrastructure sharing meant to reduce the cost-of-service provision.
- Loans with concessionary interest rates.
- CAPEX intervention models in terms of which regulators and governments finance customer premise equipment and installation costs in remote and isolated areas.
- Universal Service Fund programmes extended to platform-based businesses.
- Spectrum refarming and redeployment in rural and isolated areas.
- Capitalise on usage of low orbit satellite systems for provision of connectivity in difficult terrains.
- Tax holidays to players after reaching some investment thresholds in rural and non – profitable areas.
- National project status for investment in rural and isolated areas.
- Use of free spectrum in underserved areas to attract investors of infrastructure.

In the case of Zimbabwe, the regulator has allowed the refarming of the 900MHz spectrum and deployed as U900 for provision of broadband network in rural and remote areas. This has enabled rural areas to at least be covered by 3G network. 800MHz was also reposed for 4G/LTE deployment thereby allowing LTE to be accessed in rural areas. Work towards repossession of 700MHz is currently underway. CAPEX intervention initiatives were also employed by the regulator through usage of USF towards purchase of CPEs and meeting network installation costs in rural areas.

iii. **New business models to increase revenues, enable better network coverage, affordable digital connectivity for sustainable development and accelerate digital transformation.**

- Use of discounted tariffs for rural, isolated, and non – profitable areas.
- Adoption of platform-based business models
- Promotion of partnerships between platforms and licensed operators.
- Increase profitability of rural and remote areas through increasing demand for digital services in those areas. This can be done through e – commerce promotion initiatives that stimulate ICTs demand.

QUESTION 2: Identifying the right incentives required to ensure the introduction of emerging ICT technologies and business models.

i. Regulatory and Economic incentives

Use of evidence based regulatory models which calls for gathering of fiscal data that impact provision of ICT technologies. As such regulators should come up with data collection templates meant to measure the level of taxation in the ICT sector.

ii. Fostering demand for and use of ICTs

A shift from supply side interventions to demand side initiatives is essential to increase use for emerging ICT technologies and business models. In the Zimbabwean case, the regulator has reviewed its licensing framework to include community networks meant to spur usage of ICT services in rural and isolated areas. Zimbabwe will also use the USF to sponsor the development of relevant local content to stimulate use of ICTs.

iii. Role of Policy makers and regulators

They should come up with guidelines for collaboration and cooperation between ministries and regulators. A standard template for collaboration between revenue authorities and telecommunication regulators needs to be formulated. This allows for easy tracking of tax indicators, as well as introduction of taxes whose impact have been well researched on.

iv. Balancing fiscal policies while fostering non – discriminatory and affordable service tariffs for users.

The desire to balance fiscal objectives whilst not hampering innovation and use of services, remains a thorny issue, requiring well thought out proposals. The coming in of alternative platform based business models have affected the revenue streams of traditional operators who are also burdened by fiscal policies, with platforms usually that do not reside in the taxing country not affected by the taxes. A shift on the determination of taxes is thus necessary to ensure that the tax burden is uniform to all players. Proposed initiatives to ensure the balance include:

- Use of Econometric models to determine the impact of fiscal burden on service suppliers and users. The models will also inform policy makers on the quantum of fiscal initiatives necessary for balancing service affordability and fiscal balance.
- Inclusion of platform-based players as contributors to fiscal needs as well as universal services contribution. This calls for cooperation of different countries or regions.