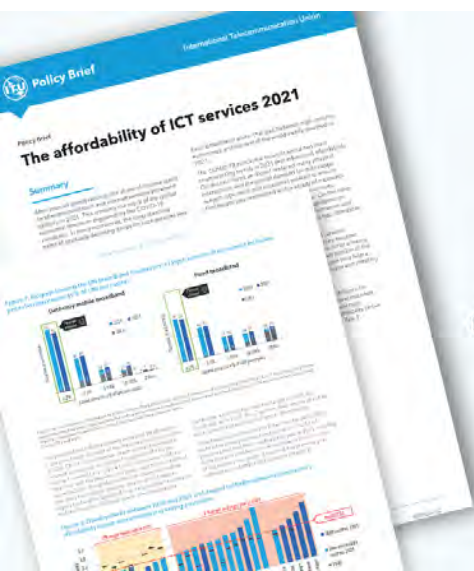


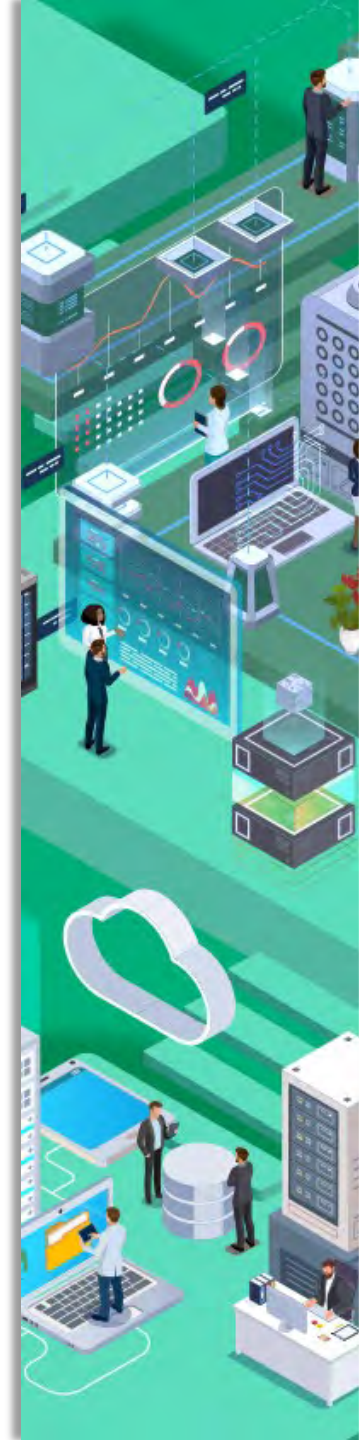
Part II

# The affordability of ICT services 2021



## The affordability of ICT services 2021

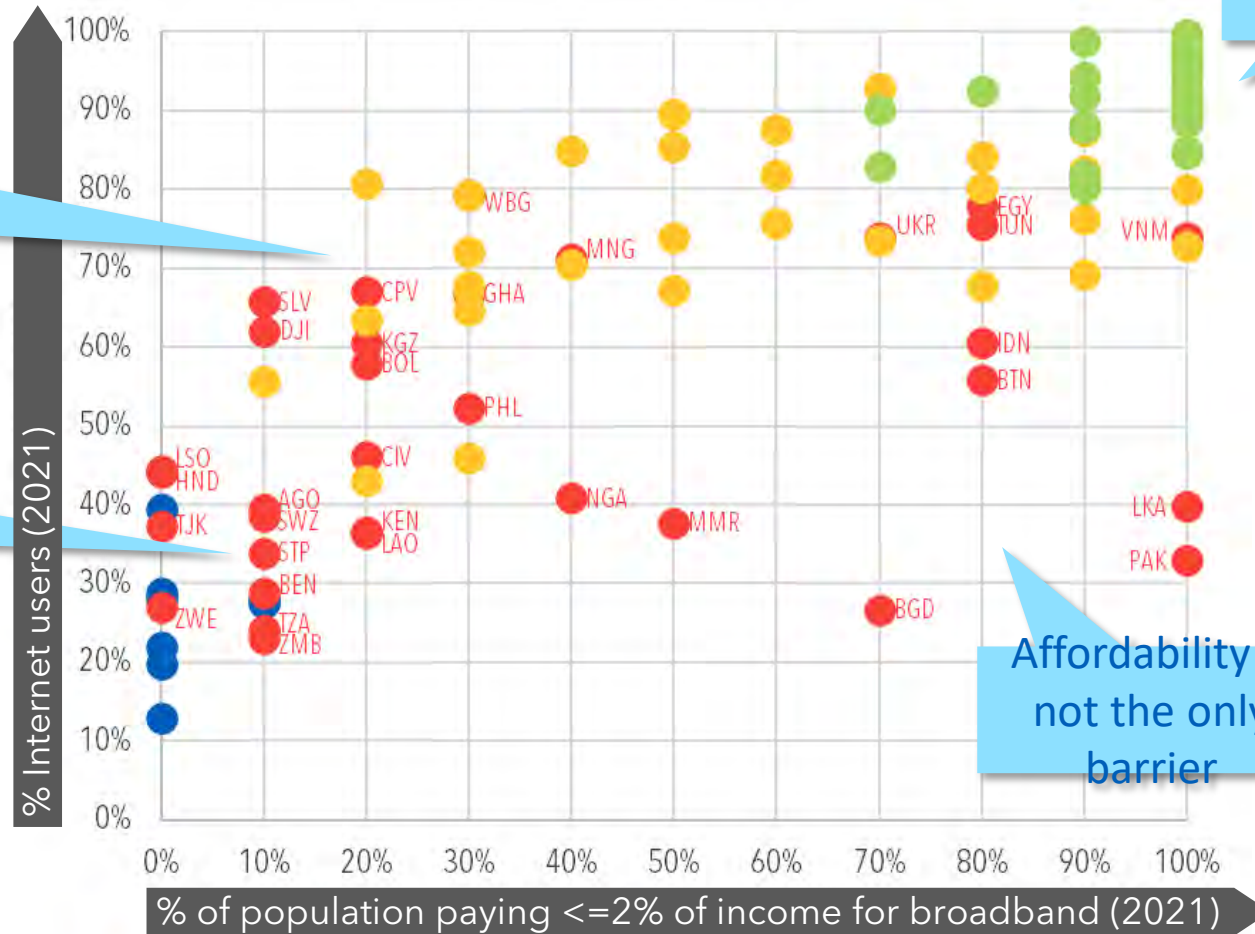
Policy brief by the International Telecommunication Union (ITU) and the Alliance for Affordable Internet (A4AI)



# Affordability is a barrier to connectivity

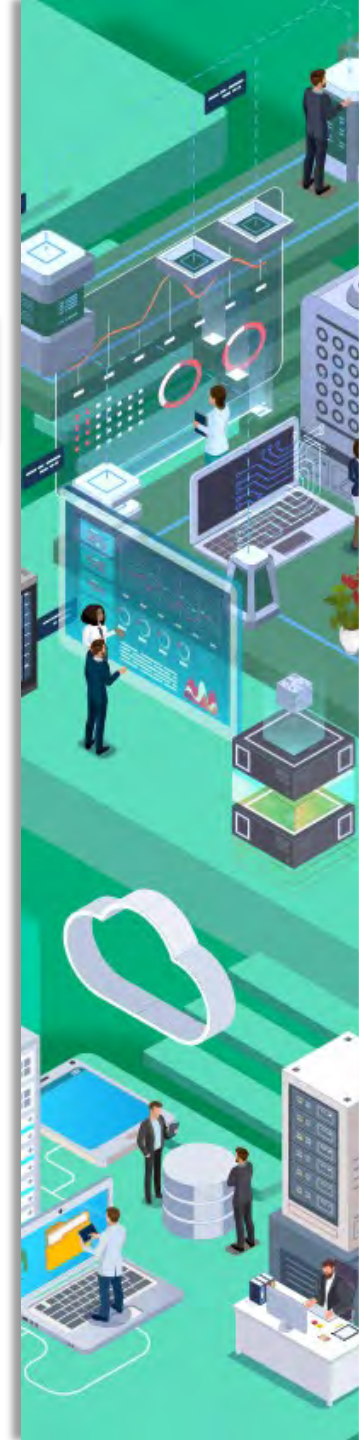
Many pay more than 2% of their monthly income for broadband access

Broadband is only affordable for the elite



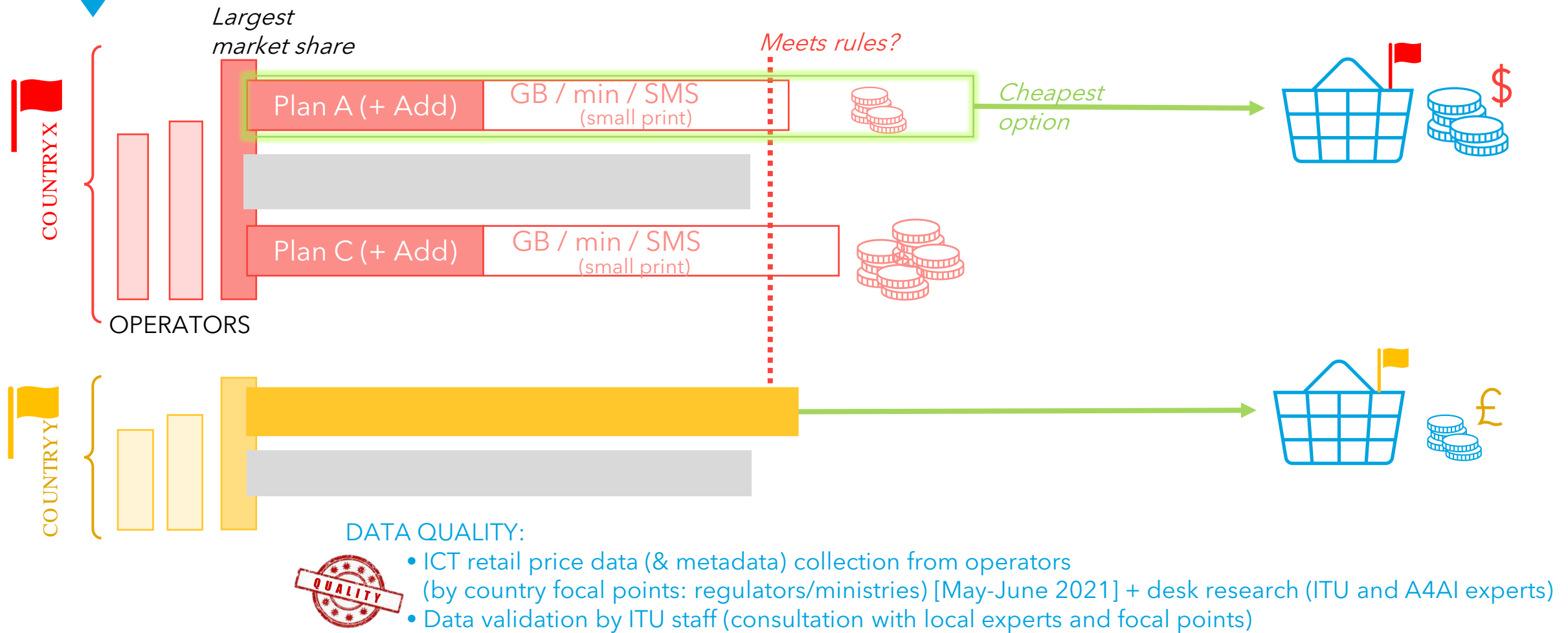
Broadband is affordable to all

Affordability is not the only barrier



● Low income ● Lower middle income ● Upper middle income ● High income

# How do we compare ICT prices across countries?



1. Select the representative operator / plan for a basket: cheapest option that meets the requirements (set by EGTI in 2020)

2. Compare prices in different currencies








# 5 baskets, 3 units of measurement

Prices can be expressed in 3 different units :

- **USD:** world currency - simple, timely, but exchange rates may be artificially distorted
- **PPP\$:** adjusts for differences in purchasing power [1-yr lag]
- **As a % of monthly GNI per capita:** shows the cost for the average earner [lag]

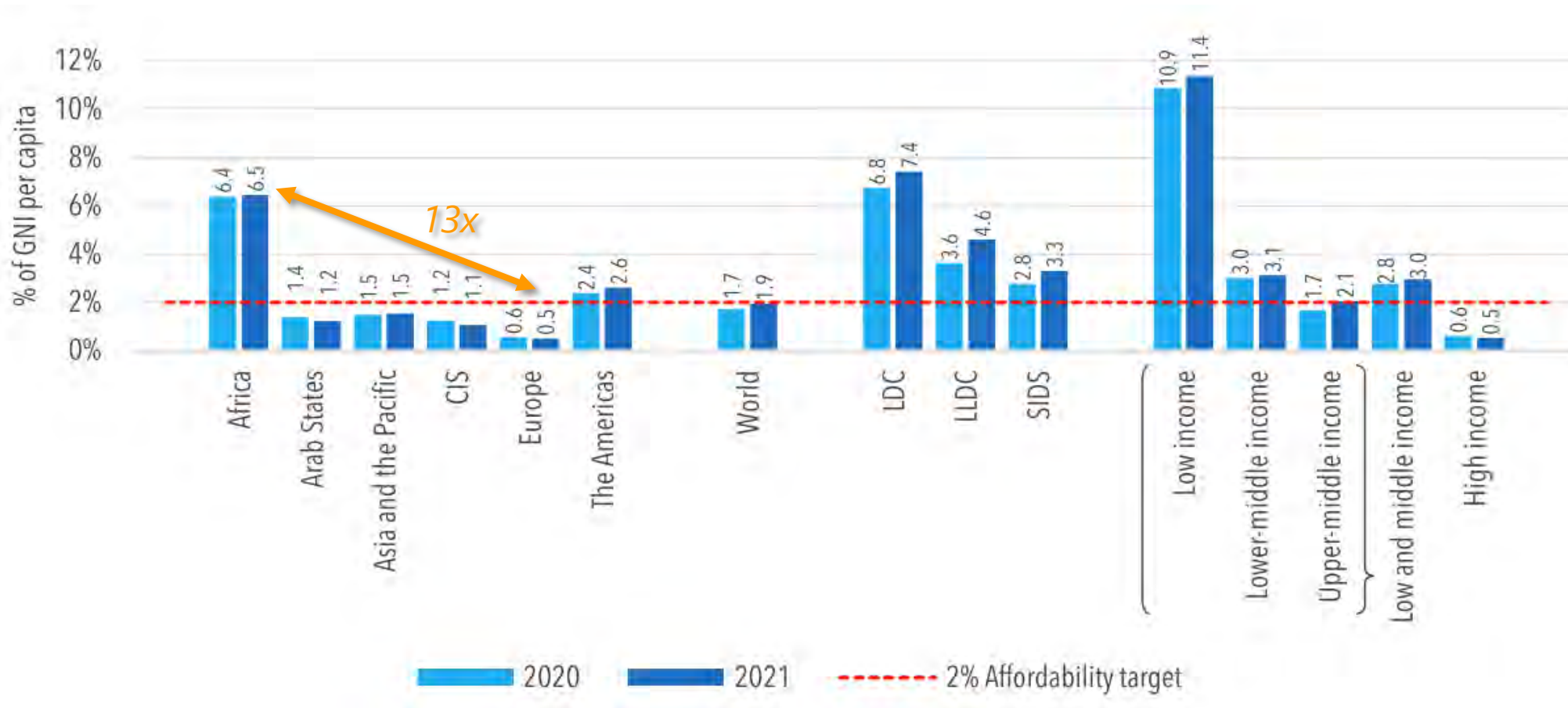
3. Collect exchange rates and GNI data (IMF, World Bank, UN OPS)

4. Calculate basket prices and key indicators (based on metadata on validity period, allowance, on-/off-net duration, etc. )

ICT price baskets 		Minimum monthly allowance			Price comparison 		
		Voice (minutes)	SMS (#)	Data	USD	\$PPP	% of GNI per capita
1	Data-only mobile-broadband basket 	-	-	2 GB			
2	Mobile data and voice low-consumption basket 	70	20	500 MB			
3	Mobile data and voice high-consumption basket 	140	70	2 GB			
4	Mobile-cellular low-usage basket 	70	20	-			
5	Fixed-broadband basket 	-	-	5 GB			



# Affordability gaps: Data-only mobile broadband



1

Gaps between

- Regions
- income levels

Income level is a key driver of affordability

Basket often less affordable in 2021 than in 2020!

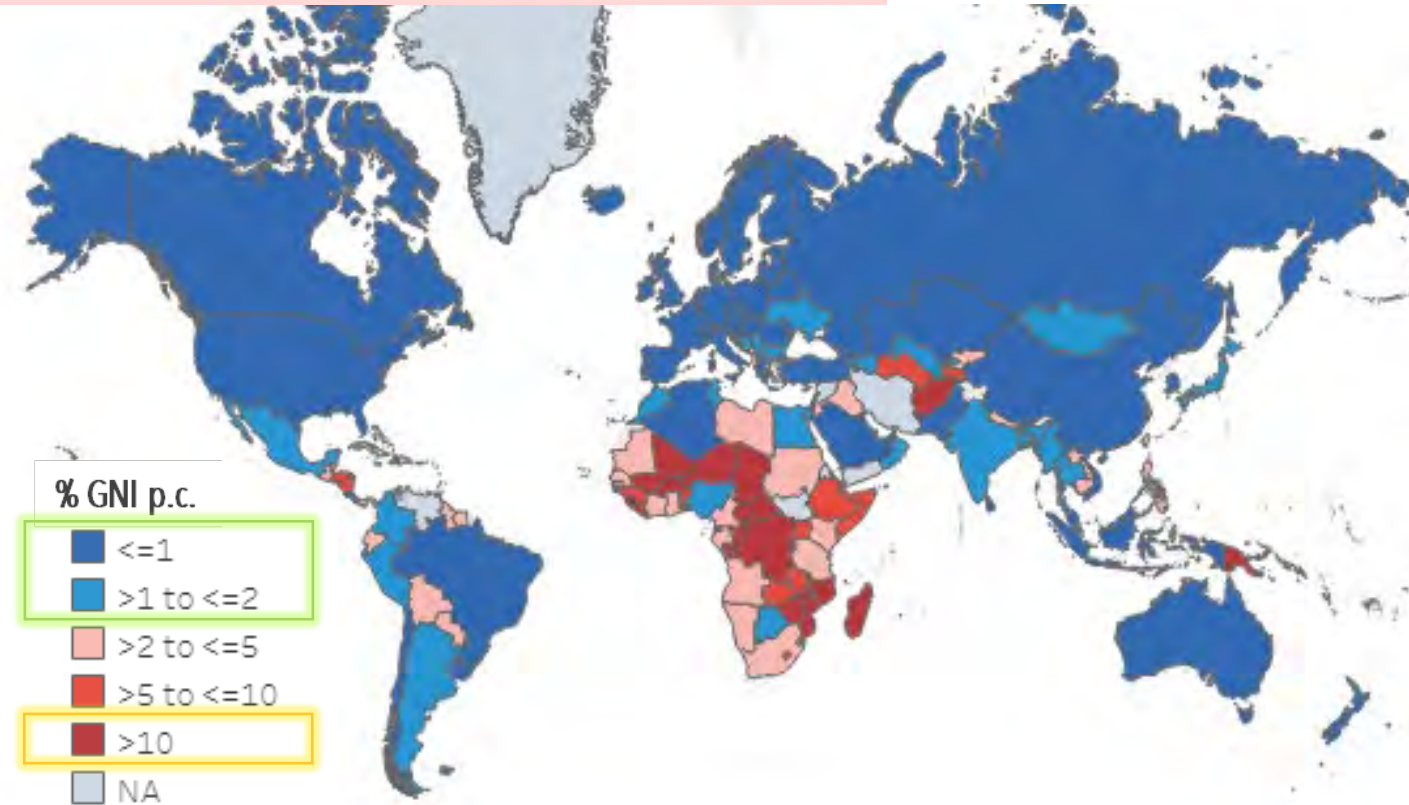
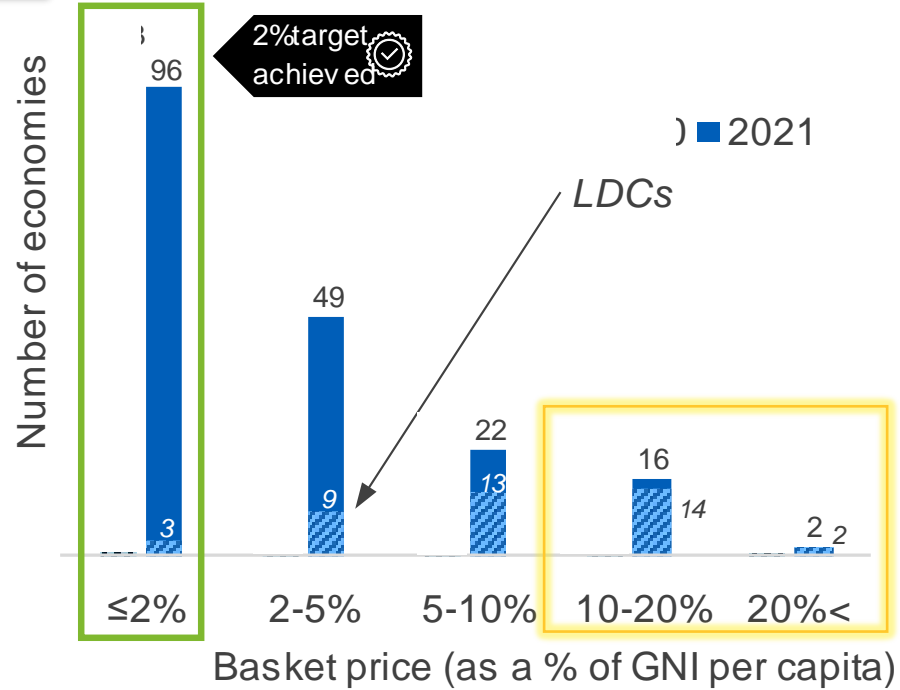
Notes: By world region and level of development, expressed as a percentage of monthly GNI per capita, 2020-2021. Medians based on the 185 economies for which data were available for both years. Economies are benchmarked according to the price of an entry-level data-only basket, defined as the cheapest data-only mobile broadband subscription available domestically, with a 3G technology or above and a minimum monthly data allowance of 1.5 GB for 2020 and 2 GB for 2021. Source: ITU and A4AI.



# Affordability targets: tracking progress

An entry-level broadband basket in developing countries should not cost more than **2%** of monthly GNI per capita by 2025

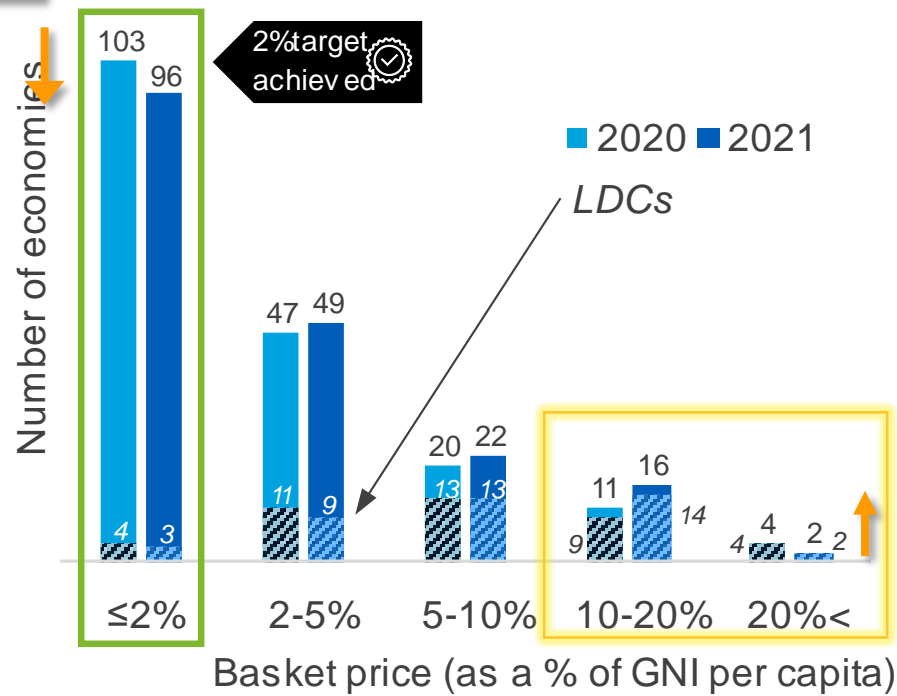
## 1 Data-only mobile broadband basket (2GB)



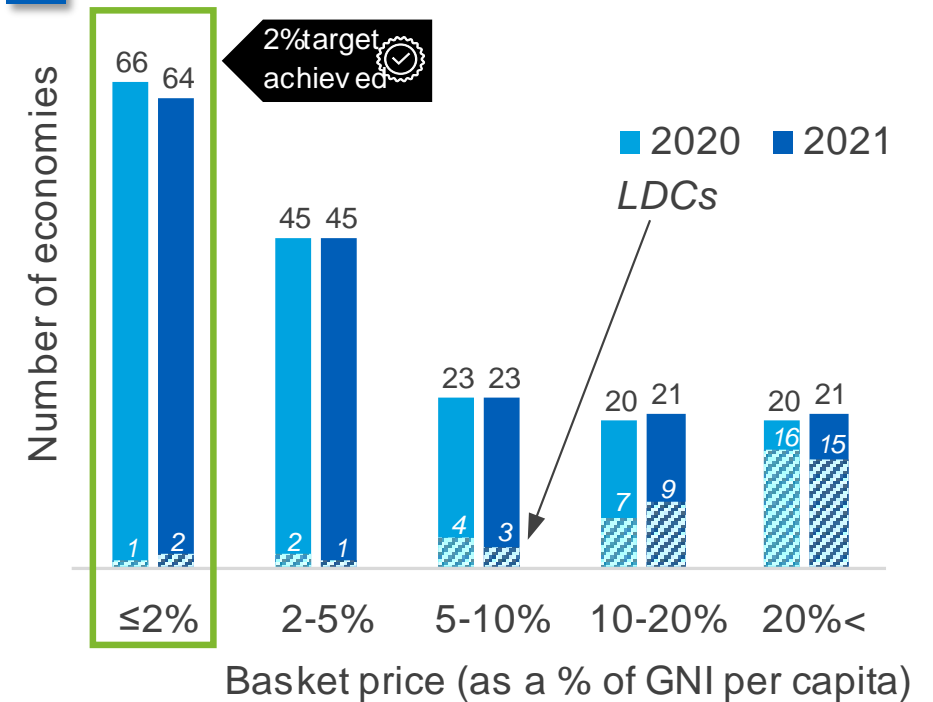
# Affordability targets: tracking progress 2020-2021

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## 1 Data-only mobile broadband basket (2GB)

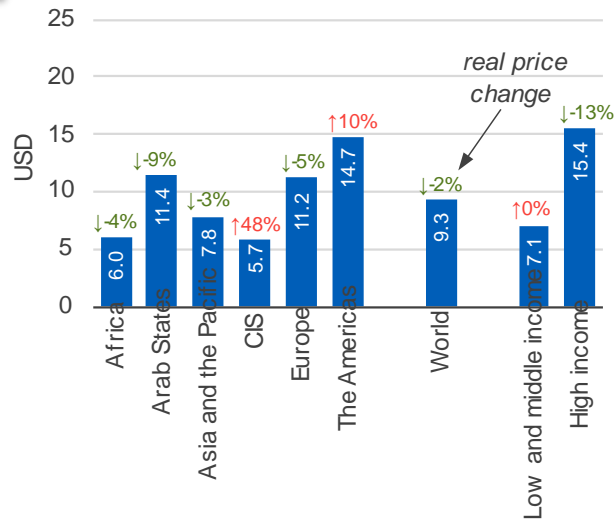


## 5 Fixed broadband basket (5GB)



# Why did fewer economies meet the target in 2021 than in 2020?

## 1 Data-only mobile broadband basket (2GB)



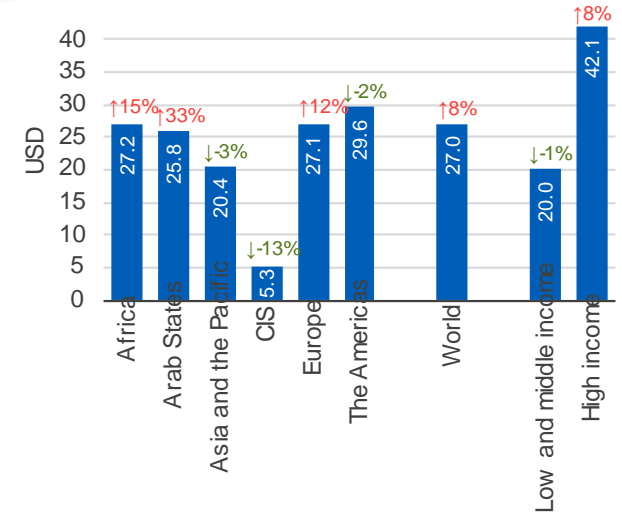
More expensive plans?

Changing allowance?

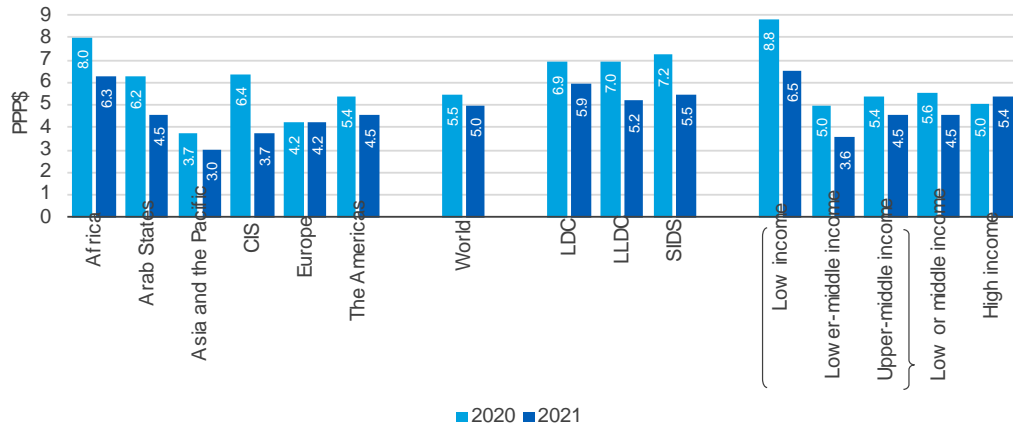
- Rules changed?
- Plans changed?

$$\text{Affordability} = \frac{\text{Basket price}}{\text{GNI per capita}}$$

## 5 Fixed broadband basket (5GB)

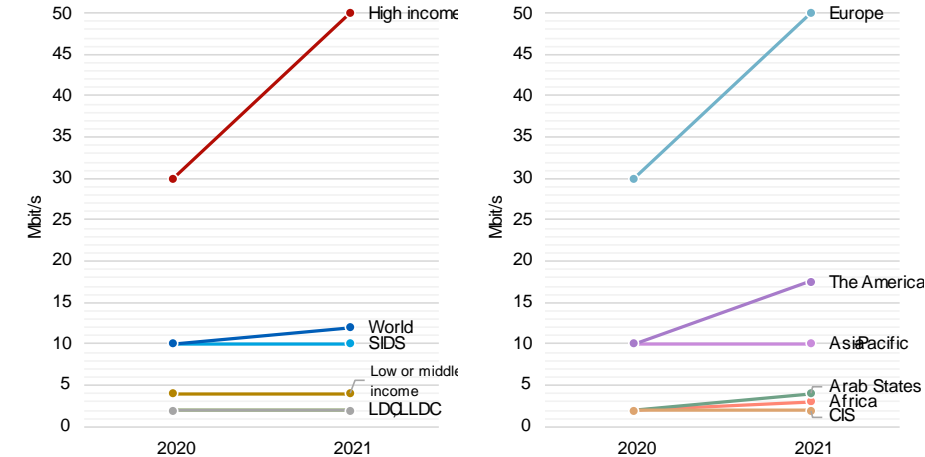


## Mobile broadband: better value for money PPP\$/GB



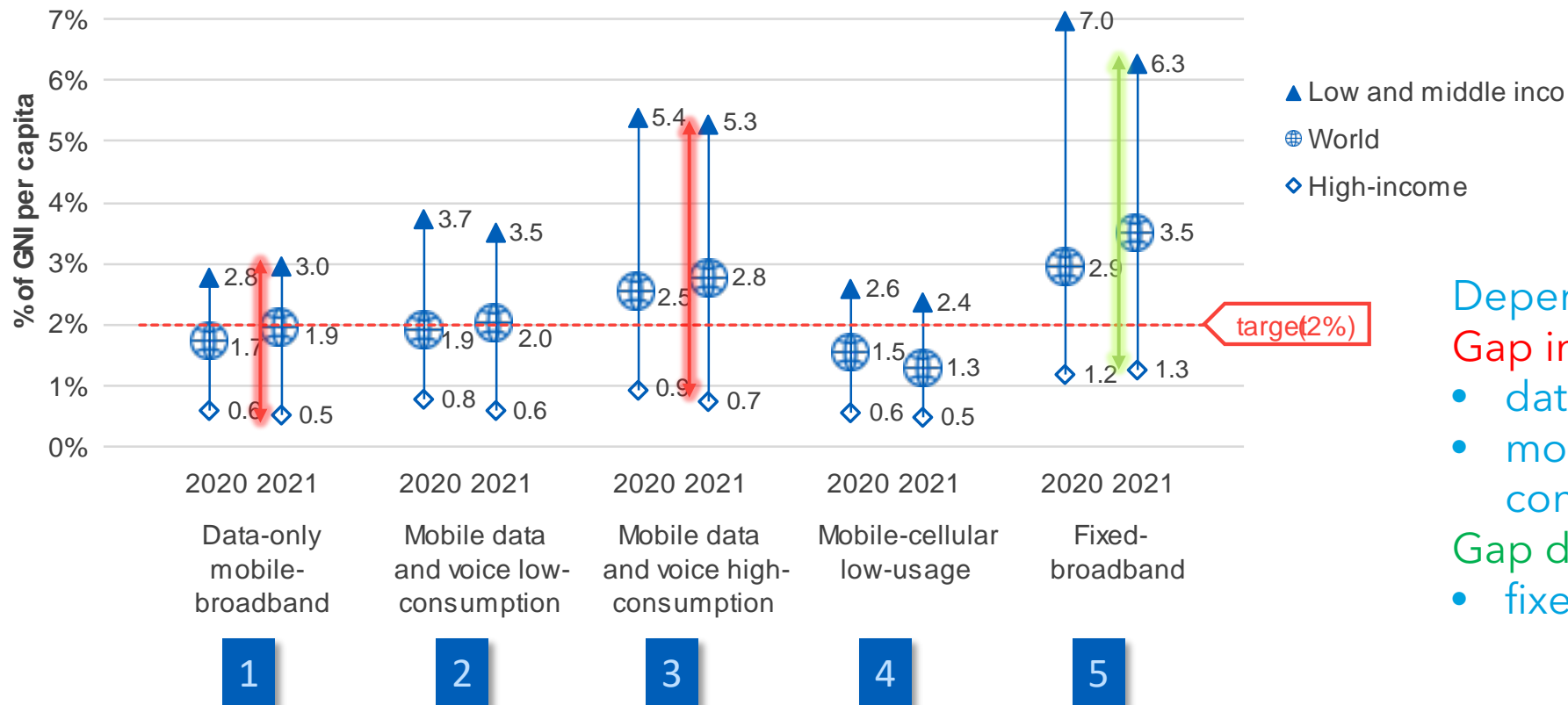
GNI p.c. decreased in 22/26 economies that "dropped class" for MBB

## Fixed broadband: uneven speeds increase





# Is the gap between rich and poor countries shrinking?



Depends on the basket:

Gap increased:

- data-only mobile broadband [1]
- mobile data- and voice high consumption basket [3]

Gap decreased:

- fixed broadband [5]

# Find your country in the visualization tool!

[www.itu.int/lPB](http://www.itu.int/lPB)

From desktop or mobile

5 baskets

3 price measures

2008-2021 (as available)

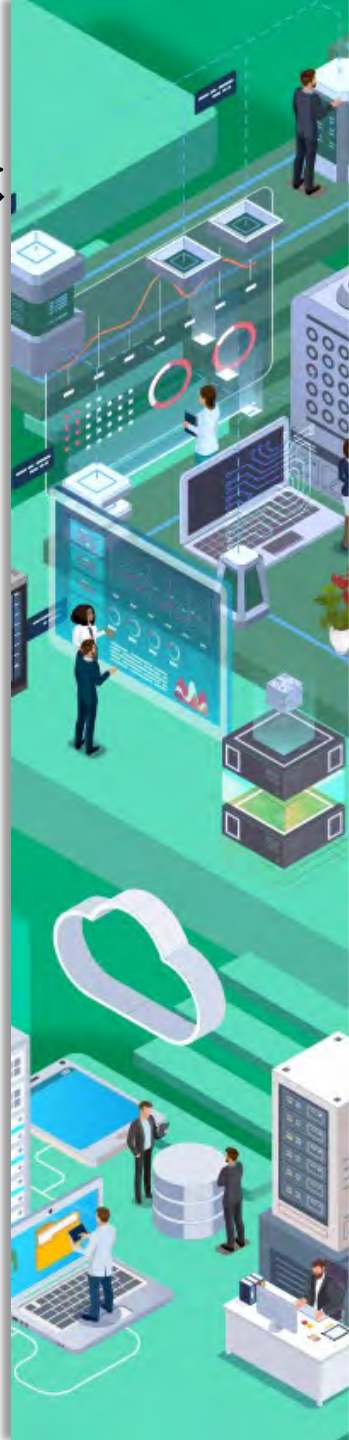
Read methodology & download data

Rank	Economy	Price measure
1	Liechtenstein	0.24
2	Hong Kong, China	0.24
3	Macao, China	0.25
4	Luxembourg	0.25
5	Singapore	0.25
6	Australia	0.25
7	Estonia	0.25
8	Israel	0.25
9	Lithuania	0.25

Sort your data

Year	Fixed-broadband basket (5GB)
2008	5.1
2009	5.1
2010	3.7
2011	3.2
2012	3.1
2013	3.0
2014	2.9
2015	2.3
2016	2.3
2017	2.3
2018	2.3
2019	2.3
2020	2.0
2021	2.7

See Long-term trends (caveat: medians based on countries with data for all years)



# In sum: feeling the impact of the pandemic

- Pandemic changed the historical trend:
  - Historically, demand increased as broadband prices dropped.
  - With COVID-19: even if baskets became less affordable, data usage and subscriptions increased
- Connectivity is not a luxury, but a necessity for communication, teleworking, online education, accessing e-services: lower-income users cut other spending but pay for access
- Yet: those who could not afford are increasingly left behind - we see that affordability gaps remain
- Even if GNI per capita drop proves temporary, reaching the 2% target by 2025 needs more efforts





# Thank you!

Visit: [itu.int/IPB](https://itu.int/IPB)

