The Caribbean ICT Eco-system: preparing for the digital economy

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Digicel

- Caribbean, Central America & South Pacific
- 14m+ customers in 32 markets
- Mobile, Fixed, TV, Content
- Low GDP, low ARPU markets
- Limited fixed broadband penetration
- Mobile broadband key to ubiquitous internet access
- Further investment required to bridge digital divide
How to pay for broadband networks?

- Need to address how all actors who benefit commercially from the use of networks contribute to the cost of these.

- Governments will need to widen the tax base to require contributions from overseas providers of digital services that generate revenues in their jurisdictions.

- USF contributions - “Pay of Play” model could recognise investments in network infrastructure by Digital economy players and require contributions from actors who prefer to “pay”.

- Beware “Flights of Fancy” - if a solution is not practical or economic in a high GDP economy it won’t work in the Caribbean.

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The coverage and usage gap (GSMA)

<table>
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<tr>
<th>Connected to the mobile internet</th>
<th>USAGE GAP (covered by 3G/4G but not connected)</th>
<th>COVERAGE GAP (not covered)</th>
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</thead>
<tbody>
<tr>
<td>3.6 bn</td>
<td>2.6 bn</td>
<td>1.25 bn</td>
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- Provide a healthy investment climate
- Enable lower cost supply of infrastructure and better use of radio spectrum
- Liberate demand for the wider digital economy
- Make ICT markets work for all

Percentage of households with internet access in 2017 (ITU)

- LDCs: 14.7%
- Developing: 42.9%
- Developed: 84.4%

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CARCIP countries will join the top 15% of the global population with high-speed internet

- Networks capable of scaling speeds up to 10Gb, 100x faster than today
- Connecting 100% of government buildings and schools within 9 months
- Ownership of the fibre GWAN infrastructure handed to governments creating nationally owned assets


Note: High-speed internet (broadband) includes the total number of fixed-line broadband subscriptions (such as DSL, cable modems, fiber optics), and the total number of 4G/LTE mobile subscriptions, minus a correcting factor to allow for those who have both types of access. 4G = fourth generation; DSL = digital subscriber line; ICT = information and communication technology; LTE = Long Term Evolution.
Plum Report

- Commissioned by Digicel and Cable & Wireless Communications

- David Lewin – Author of 2005 Report by Ovum and Indepen on application of EU Framework in Cyprus, Malta and Luxembourg

- Key differences between the Caribbean and the EU are that Caribbean nations tend to be much smaller – generally with populations far less than 1 million, and face a number of geographical challenges – being islands often with mountainous terrain.

- The costs and burden of a regulatory framework similar to the EU framework in “microstates” are likely to be excessive.

- Recommends a preference for ex-post regulation and capping regulatory costs and USF contributions in order to free up cash for investment in networks

- Cannot look at Telecoms in isolation: Horizontal economy wide approach required and other forms of regulatory reform are required also to facilitate the digital economy including banking, broadcasting, etc.
What are the correct frameworks to enable the digital economy?

• Mismatch between policies of securing digital infrastructure rollout and developing a legal and regulatory framework for a digital economy.

• A “regulatory reset” to underpin the digital economy to update economy wide frameworks and legislation?

• Regulatory frameworks for the digital economy will necessitate a move away from sector specific regulation towards horizontal economy wide rules that apply to all service providers: important components being competition law, consumer protection and privacy/data protection rules.

• Enabling the digital economy requires a wider approach – e.g. update contract laws, property laws, enable digital identity, banking rules should permit mobile wallet, e-transactions, etc.

• Governments will need to widen the tax base to require contributions from overseas providers of digital services that generate revenues in their jurisdictions.

• Rules to address new challenges required: fake news, political interference, responsibility for content.

• Appropriate to develop a Caribbean response that reflects regional priorities - connecting the unconnected and ensuring that the region can be an active player in the digital economy.

• Regional collaboration to identify best practices and to coordinate approaches - CTU/CICC.