

• A global coalition
• working to
• make broadband
• affordable for all



Latin America and the Caribbean Regional Snapshot

2017 Affordability Report

www.a4ai.org

The Affordability Report is an annual report published by the **Alliance for Affordable Internet**. It examines the policy and regulatory frameworks that have allowed some countries to make broadband internet access more affordable, accessible, and universal, and seeks to understand what others can do to catch up quickly. The 2017 Affordability Report explores the policy progress made across 58 low- and middle-income countries.

In Latin America and the Caribbean...



49%

ONLINE POPULATION

(A4AI/ITU, 2016)



35%

MOBILE BROADBAND PENETRATION

(A4AI/GSMA, 2016)



RELATIVE COST OF INTERNET ACCESS:

Most expensive for **single-parent, female-headed households who earn 13% less income** than other households.¹

Latin America & the Caribbean 2017 ADI Rankings

The **Affordability Drivers Index (ADI)** scores and ranks all 58 countries based on an in-depth analysis of the policies and regulations developed to enhance broadband access and affordability.

| ADI RANK (LAC) | GLOBAL ADI RANK | COUNTRY | ACCESS POLICY SCORE | INFRASTRUCTURE POLICY SCORE | ADI SCORE Scored out of a possible total of 100 |
|----------------|-----------------|--------------------|---------------------|-----------------------------|--|
| 1 | 1 | Colombia | 85.28 | 58.15 | 72.87 |
| 2 | 2 | Mexico | 87.23 | 53.43 | 71.47 |
| 3 | 3 | Peru | 80.54 | 58.89 | 70.84 |
| 4 | 5 | Costa Rica | 88.36 | 44.30 | 67.40 |
| 5 | 6 | Ecuador | 79.48 | 46.10 | 63.81 |
| 6 | 7 | Argentina | 76.26 | 48.95 | 63.62 |
| 7 | 10 | Brazil | 68.57 | 51.05 | 60.78 |
| 8 | 12 | Jamaica | 74.84 | 37.12 | 56.88 |
| 9 | 14 | Dominican Republic | 68.80 | 40.42 | 55.49 |
| 10 | 19 | Bolivia | 63.74 | 40.25 | 52.83 |
| 11 | 20 | Honduras | 59.44 | 42.19 | 51.63 |
| 12 | 40 | Venezuela | 55.35 | 27.05 | 41.86 |
| 13 | 49 | Nicaragua | 48.17 | 24.86 | 37.10 |
| 14 | 57 | Haiti | 21.82 | 5.97 | 14.12 |

¹ Recent sex-disaggregated income data from 15 countries in Latin America and the Caribbean shows that per-capita income is lower for female-headed households compared to male or male+female headed households meaning that Internet access costs will be relatively higher for this group (see <http://sedlac.econo.unlp.edu.ar/eng/statistics-by-gender.php>)

² ECLAC (25 Jan 2016), "Latin America is the world's most unequal region. Here's how to fix it"

³ In 11 of the 12 countries where income data is available using 2015 prices; in Argentina 1GB of data is affordable for the top 60% of income earners.

What is affordable internet?

"1 for 2"

1GB of mobile prepaid data for 2% or less of average monthly income

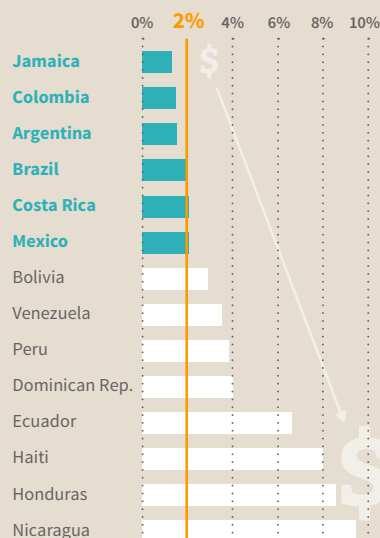
How affordable is access in Latin America and the Caribbean?

1GB of data costs an average citizen nearly

3.7% of their monthly income

6 out of 14 countries surveyed have "affordable" internet:

Price of 1GB (mobile prepaid) data as % of GNI/capita (2015)



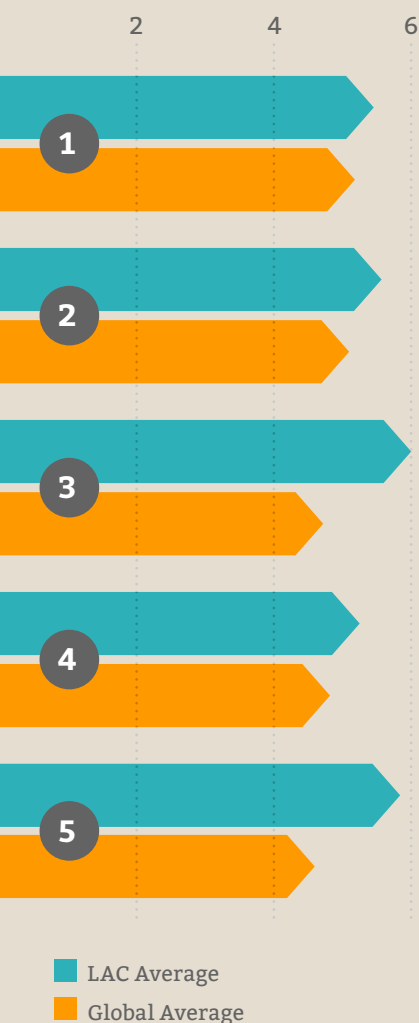
However, the region has one of the highest levels of income inequality in the world.² In the majority of countries surveyed, **1GB is affordable only for the top 40% of income earners.**³ In some countries, like Peru, **1GB of data is only affordable for the top 20% of income earners.**

How do the region's policies measure up against the rest of the world?

Countries are scored out of 10, to gauge their performance in implementation of policy measures to improve affordability.

Overall, countries in Latin America & the Caribbean score higher than the global average across all five policy areas.

LAC Policy Scores v. Global Policy Scores



Progressing Towards Affordability

1 Policy & Regulation for Competition

Regulatory independence, transparent and evidence-based decision-making, simplified licensing regimes

LAC countries score higher than the global average

- ✓ Mexico created an independent regulator in 2014, which resulted in improved market competition and increased transparency and openness in regulatory decision-making. The government has also announced the creation of the Red Compartida – a unique wholesale network that will improve provision of broadband services to consumers, by streamlining bandwidth access for new or smaller market entrants.
- ✗ Ecuador and the Dominican Republic both lack independent regulators, while regulatory and legal frameworks are outdated in Haiti.

2 Broadband Policy

Lays out clear, time-bound targets and interventions for reducing costs and increasing access

LAC countries score higher than the global average

- ✓ Most countries have broadband plans with detailed, time-bound targets. 10 of the 14 LAC countries have a broadband plan. Both Peru and Costa Rica introduced broadband plan changes in 2015, in part to expand broadband services to unconnected populations.
- ✗ Four countries in LAC – Bolivia, the Dominican Republic, Haiti and Nicaragua – have no publicly available broadband plan or have plans that are yet to be approved.

3 Public Access Policies + Use of Universal Service & Access Funds

Support for and use of public access programmes and Universal Service and Access Funds (USAFs) to expand access, support local content development, and increase digital skills

LAC countries score higher than the global average

- ✓ Some countries, like Costa Rica, have effectively used USAFs to fund access, including among indigenous and rural communities. Others have supported public access in innovative ways – Chile, for example, authorised the use of a new spectrum band for commercial services in 2016 and required operators to provide free access to certain municipalities and schools.
- ✗ There is little transparency around the operations of a number of USAFs, including in Nicaragua, where it is unclear what specific investments – if any – have been made to date. USAFs in other countries, like Brazil, are severely underutilised, with a large amount of funds left unspent.

4 Infrastructure Sharing

Government actively encourages and facilitates resource sharing across operators

LAC countries score higher than the global average

- ✓ Peru approved regulatory changes in 2015 to facilitate infrastructure sharing across operators, and the country's regulator now makes current operator infrastructure sharing contracts openly available. The A4AI-Dominican Republic Coalition recently concluded a study that includes recommendations for improving infrastructure sharing in the country, which will inform the regulator's current consultation on this issue.
- ✗ Nicaragua does not adequately enforce access to public rights-of-way. In Jamaica, a policy framework for infrastructure sharing exists, but it has been ineffective, in part because of a lack of clarity of rules for implementation; the government recently started a consultation exercise on a new framework for infrastructure sharing.

5 Spectrum Policy

Detailed plan outlining the timely release of sufficient spectrum to meet projected increases in demand

LAC countries score higher than the global average

- ✓ Colombia has shown willingness to promote transparency and competition in spectrum markets, and has made consistent efforts to allocate spectrum fairly. Mexico's telecom regulator – in a move to encourage effective use of spectrum – recently approved a series of general guidelines for the creation of a secondary spectrum market in the country.
- ✗ In several countries, governments have made general commitments to ensuring spectrum availability without the predictability of time-bound targets. This is the case for example, in Argentina and Ecuador, where there are no specific targets in terms of allocations of spectrum bands or a timeline for allocation.



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Alliance for Affordable Internet
1110 Vermont Ave NW, Suite 500, Washington DC 20005, USA
www.a4ai.org | Twitter: @a4a_Internet

