

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



The Dominican Republic

Affordability Report
Highlights 2017



The Dominican Republic ICT sector underwent a process of significant market liberalisation in the early 2000's — a process that helped increase competition, expand connectivity and introduce competitive pricing.

Though the country now meets the “1 for 2” affordability target, the cost to connect remains out of reach for many — particularly for rural populations and the 32% of the

population living under the poverty line.¹ The quality of available, affordable services has been slow to improve, resulting in a decreasing rate of growth of people coming online. A renewed focus on connectivity and ICTs is demonstrated by the efforts of the national “Republica Digital” agenda, yet there is a need for concrete commitment to the development and implementation of new policies to decrease the price of broadband and enable more people to afford and use broadband-based services.



61%

ONLINE POPULATION

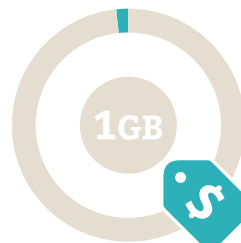
(ITU, 2016)



21%

MOBILE BROADBAND PENETRATION

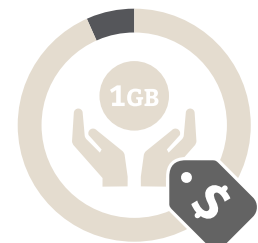
(GSMA, 2016)



1.6%

COST OF 1GB OF MOBILE PREPAID INTERNET (AS % OF GNI PC)

(A4AI, 2016)



6.4%

COST OF 1GB FOR BOTTOM 20% OF INCOME EARNERS (AS % OF GNI PC)

(A4AI, 2016)

The Dominican Republic's Performance on the 2017 Affordability Drivers Index

The Dominican Republic ranks 14th (out of 58 countries surveyed) on the 2017 Affordability Drivers Index (ADI) — an improvement on its 17th place ranking in the 2015-16 Affordability Drivers Index — indicating gradual policy and regulatory progress.²

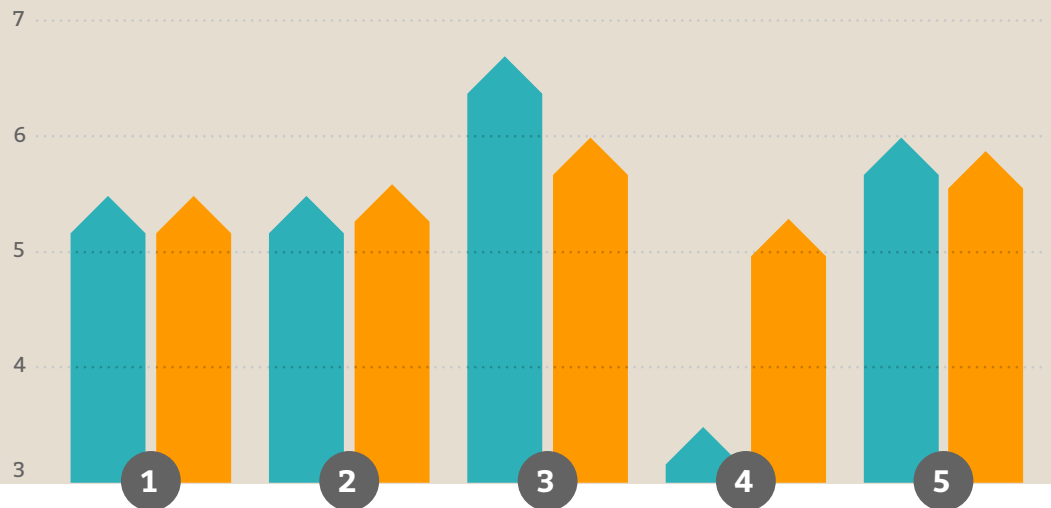
ADI RANK	COUNTRY	ACCESS	INFRASTRUCTURE	ADI SCORE
14	Dominican Republic	68.8	40.42	55.49

¹ World Bank 2015

² The ADI scores countries on a scale of 0-100 across two main policy groups: (1) infrastructure and (2) access. It does not measure affordability directly. For more information please see a4ai.org/affordability-report/report/2017

Dominican Republic Policy Scores v. Regional Policy Scores

■ Dominican Republic Average
■ Regional Average



1 Policy & Regulation for Competition

Score: 5.5

Dominican Republic scores on par with the regional average for policy and regulation for competition. The regulator grants licenses for several services and different categories of licenses and applies sanctions for violations. While there are no rules that prevent a single operator from holding several classes of licenses, some licenses are restricted to domestic companies, and licenses are neither technology- nor service-neutral. Public consultation is encouraged as part of the regulatory process, but often tends to be cursory in practice, and while information is published regularly on the regulator's website, decisions often take a long time to be published.

2 Broadband Policy

Score: 5.5

Dominican Republic scores lower than the regional average on broadband policy. While the country has outlined a vision for broadband access under its new "*Republica Digital*" agenda, a detailed broadband strategy or plan has not yet been finalised or formally adopted. Consequently, there are no time-bound broadband penetration targets, nor a strategy to guide broadband development and investment in the country. There is an urgent need for a clear broadband strategy and implementation plan.

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

Score: 6.7

Dominican Republic scores higher than the regional average for its public access policies and USAF use. The country's USAF (Fondo de Desarrollo de las Telecomunicaciones - FDT) is financed by a 2% consumer tax on all ICT services, and funds have been used to subsidise telecoms infrastructure and services in underserved areas, including to fund public WiFi initiatives, rural broadband rollout, and the creation of hundreds of community technology centres. In recent years, however, there has

been little transparency around the decision-making process for selecting which projects receive funding. A strengthening of the FDT mechanism is required to ensure greater transparency and accountability around the project selection, implementation, and monitoring processes. Funds should also target a blend of supply and demand initiatives and projects, from infrastructure expansion in rural areas, with a particular focus on supporting shared backhaul networks, small local ISPs, community networks, and public WiFi, to digital skills training for underserved and marginalised population groups.

4 Infrastructure Sharing

Score: 3.5

Dominican Republic scores much lower than the regional average on infrastructure sharing. A recent *study* supported by the Coalición Dominicana para una Internet Asequible (A4AI-RD) found that sharing can result in 50% savings in tower operation and maintenance costs, however doing so remains difficult in the Dominican Republic. Establishing shared infrastructure currently requires permission from a number of separate government institutions and local government agencies, who often impose multiple municipal levies on operators. Tower construction enterprises and telecommunications operators also have to pay for rights of way for fibre rollout and to get access to tower zoning. Creation of a "single window" (i.e., a one-stop shop) for all infrastructure deployment permits, including those at the local level, would help ease this process and incentivise a culture of sharing and cost reduction in the sector.

5 Spectrum Policy

Score: 6.0

Dominican Republic scores slightly higher than the regional average for spectrum policy. Spectrum for wireless broadband services is allocated by public auctions and bidding processes. The ITU framework for unregulated spectrum has been adopted, but there are some concerns that this framework is not followed consistently. A plan to transition to digital television — which would free the 700MHz band for expanded wireless broadband deployment — has been delayed, and it remains unclear when this transition will happen.



Recommendations

Affordability in Dominican Republic can be improved if policymakers work to:

1. DESIGN AND ENACT A NEW BROADBAND POLICY.

This policy should include:

- Measures to enhance market competition in the wholesale market, and to lower entry barriers to new market entrants;
- Regulations to incentivise passive and active infrastructure sharing and to implement a “dig once” policy for ICT-related public works;
- Realistic, time-bound targets for deploying shared backhaul fibre networks and for bringing women and other marginalised groups online;
- A detailed and funded plan for transitioning the country to digital TV—a move which will free the 700 MHz band for the cost-effective deployment of rural broadband backhaul networks and high-speed data services provision.

2. STRENGTHEN THE NATIONAL INSTITUTIONAL FRAMEWORK.

Creating an ICT or other high-level ministry focused on ICT policy will allow for strategic planning and deployment of the programmes and initiatives needed to expand affordable connectivity. This will also allow INDOTEL to become a truly independent regulator that is structurally and financially independent from the proposed ministry and empowered to rule fairly on competition and consumer issues.

3. ADOPT A NEW ICT FISCAL POLICY FRAMEWORK.

As a *2017 study* shows, reducing taxes on ICTs can lead to increased internet adoption and improved government revenues as a result of broad economic development generated through higher rates of connectivity. To reap these benefits, we recommend:

- Eliminating the luxury good tax (ISC) on data and ICT services used by low-income groups;
- Reducing fees levied on equipment imported to deploy rural connectivity or which will be part of a shared infrastructure project;
- Increasing fiscal incentives to provide affordable broadband services in remote and rural areas;
- Implementing subsidies targeted at low-income households, with a targeted focus on women-headed households; and
- Establishing a mechanism to monitor ICT spending in the public sector to ensure that all institutional budgets are aligned with national ICT policy goals.

4. ENSURE ALL ICT POLICIES ARE GENDER-RESPONSIVE.

A participatory and comprehensive analysis of all national and sectoral ICT policies should be conducted to ensure these are sensitive to social inclusion and gender perspectives; government must develop and integrate, as needed, the objectives, measurable targets, specific projects, and implementation instruments or mechanisms needed to achieve digital equality in the Dominican Republic.

For more details and to learn more about joining the A4AI-Dominican Republic Coalition, please visit a4ai.org/republica-dominicana



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