

Regulatory Environment

AFFORDABILITY REPORT 2020 THEMATIC BRIEF



The **regulatory environment** policy cluster of the *Affordability Report* includes a number of broad, fundamental policy issues that summarise a government's power to shape the market. It includes the fundamental process of licensing for service providers and extends to good practices like transparent rule-making, evidence-based policies, and public consultations. It also assesses the ability of countries to enforce fair competition rules – an essential policy issue that was the theme of the [2019 Affordability Report](#).

Countries with clear regulatory environments tend to have lower internet prices. This is in part because of the business certainty that a transparent and evidence-based regulatory environment gives to service providers in that country. With greater freedom in a licensing framework to adapt to the latest technologies, operators are able to improve their networks faster and offer better services. With clear and inclusive licensing, communities can self-organise to develop their own networks, too.

Botswana

↑ BOCRA, the telecommunications regulator in Botswana, regularly [engages other stakeholders in the policy-making process](#) with regular updates, online and in-person consultations, and consultative policy drafts.

Peru

↑ Data collection and transparency reports from Ospitel, the Peruvian regulator, [enable consumers to make better-informed decisions](#), just as it also [enacts regulations that enable new technologies to extend connectivity](#) in new areas.

Malaysia

↑ The [regular online updates and disclosures from MCMC](#), the Malaysian regulator, gives stakeholders greater certainty over the market's development and provides opportunities for open, collaborative consultations.

DR Congo

↓ In the DRC, licenses are awarded to network operators [only after payment for each generation of technology they use](#): this puts an extra cost on network upgrades that could lead to a higher quality of service.

Nicaragua

↓ The decisions of a weak regulator [put regulatory decisions in judicial limbo](#) and impede market development that supports transparency and fair competition.

Sri Lanka

↓ With a dearth of recent regulations, the telecommunications market in Sri Lanka moves forward on [out-dated regulations](#) in secrecy that limits public-private cooperation.

A country's regulatory environment can steer the sector towards digital growth that is inclusive and sustainable.

Countries who lead through their regulatory environments have enabled innovative solutions and engaged consumers as stakeholders. Regional leaders in this policy area, such as Mexico and Botswana, are making clear steps to bring consumers into the policy-making process. In Botswana, public consultations have [enabled a wider variety of inputs](#) into its regulatory environment. In Mexico, the regulator has [developed new tools to educate and empower consumers](#) to exercise their rights and spur fair market competition. A pro-innovation framework in Peru enabled the use of new technologies to [extend network coverage in rural areas](#). In all three countries, the cost of 1GB sits below 2% of the monthly average income – the international target affordability.

POLICY LEADERBOARD		(/10)
1st	Mexico	8.0
2nd	Peru	7.5
3rd	Colombia	7.4
4th	Brazil	7.3
5th	Malaysia	7.0
6th	Costa Rica	7.0
7th	Botswana	7.0

Other countries faltered in recent years because of an over-reliance on dated regulations, weak institutional capacity, or a hostile business environment. The licensing fees in DR Congo, for example, where operators must pay for each generation of technology they use, prioritise short-term revenue opportunities over the long-term benefits of affordable prices for consumers in the country.

A country's regulatory environment can steer the sector towards digital growth that is inclusive and sustainable. However, across many countries, much can be done to improve regulatory conditions for greater internet affordability.

A4AI's Policy Recommendations –

- 1 Enable and mandate telecommunications regulators to collect data on network performance and quality of service and use that evidence to inform their decision-making process for network improvements.
- 2 Open the regulation drafting process to multiple stakeholders – including service providers and community advocates – to bring a diversity of perspectives on urgent policy issues.
- 3 Support innovation through converged licensing frameworks, regulatory certainty for network operators, and regulations that include alternative and complementary service providers.

This thematic brief is part of a series supporting the A4AI Affordability Report 2020. For more information and to read the full report, go to a4ai.org/affordability-report.



