

ADVOCACY TARGET 2: Making broadband affordable – by 2015, entry-level broadband services should be made affordable in developing countries.

The affordability of broadband access plays a critical role in broadband diffusion and it can prove a key barrier to extending access to broadband in developing countries. Broadband is becoming more affordable around the world – over the past five years, fixed - broadband prices as a share of GNI per capita have dropped by 82%. By 2012, the majority of countries had reached the Commission's target of offering basic fixed - broadband services at <5% of monthly GNI per capita, but broadband remains unaffordable in many parts of the developing world.

Huge discrepancies in affordability persist. By 2012, fixed broadband services remain expensive, accounting for 30.1% of average monthly incomes in developing countries (compared to just 1.7% in developed countries). In 2012, the number of developing countries where broadband cost less than 5% of average income remained the same as in 2011, at a total of 48 (with 22 developing countries in 0-2% and 26 in 2-5%). Assuming that people can afford broadband when it costs less than 5% of their annual income, fixed broadband access is unaffordable for 3.9 billion people, and mobile broadband unaffordable for over 2.6 billion people around the world. Availability and affordability gaps are disproportionately impacting people in Africa, Asia Pacific, and Latin America.

However, more developing countries are approaching the target threshold – the number of developing countries where broadband cost between 5-10% of average income has increased from 15 in 2011 to 24 in 2012 (with 18 developing countries in 5-8% and 6 in 8-10%) Policy - makers can address affordability by regular monitoring, regulation, potential subsidies, increased competition, and tiered services.

Many plans recognize affordability as a key priority. Nevertheless, effective competition is still widely recognized as the most effective mechanism to date to lower prices and increase affordability for the majority of the

population. Effective competition reduces the need for other interventions in the long - term and can facilitate technology neutrality, letting markets decide the dominant technology for the future. Countries can develop pro-competitive policies - for example, through: eliminating potential distortions in termination rates; promoting fair and non - discriminatory access to essential facilities (such as the local loop or submarine cables); and facilitating the entry of new operators in the market, among other options.