

Working Group Report on 21st Century Financing Models  
for Sustainable Broadband Development

## 21st Century Financing Models for Bridging Broadband Connectivity Gaps

Executive Summary

September 2021



**BROADBAND COMMISSION**  
FOR SUSTAINABLE DEVELOPMENT



# 21<sup>st</sup> Century Financing Models Working Group Report, Executive Summary

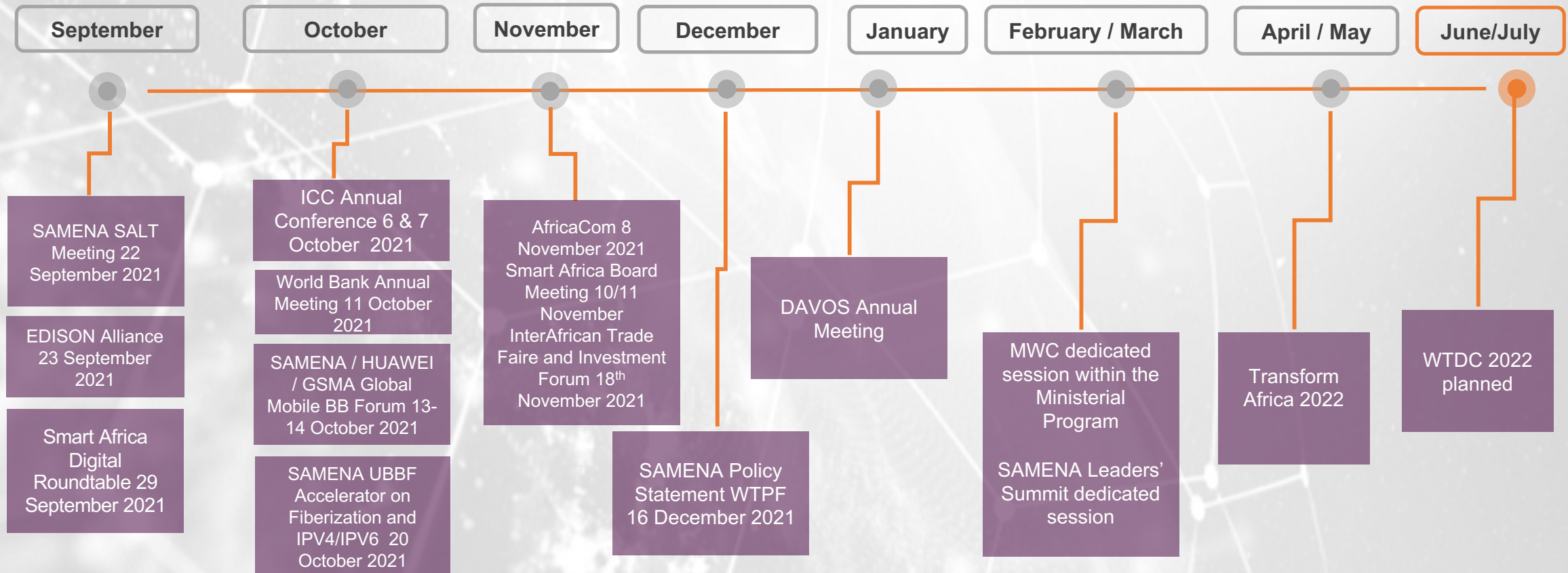
## Promotional Materials

28 Sept 2021

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# Timeline (Sept 2021 – July 2022)



# Key Messages

- How can we bring meaningful connectivity to the un- and underconnected and allow digital participation for all moving forward? See our Executive Summary of the Working Group Report on “21<sup>st</sup> Century Financing Models for Bridging Broadband Connectivity Gaps,” which provides new policy options to close the connectivity gap.
- All that benefit from digital infrastructure are encouraged to contribute to its financing. The Executive Summary of the Working Group Report on “21<sup>st</sup> Century Financing Models for Bridging Broadband Connectivity Gaps” shows how.
- In order to bring affordable and meaningful access to connectivity to the 3.7 billion people not yet connected, an objective-minded re-alignment of shared priorities and responsibilities is required. This is advocated for in the Broadband Commission's Strategic Recommendations contained in the Executive Summary of the “21<sup>st</sup> Century Financing Models for Bridging Broadband Connectivity Gaps Working Group Report”.
- To reach the Broadband Commission's 2025 targets for access, affordability, and equality and achieve the UN SDGs by 2030, there will have to be new approaches that support the development of digital infrastructure, especially where it would otherwise not be profitable. Read in the Executive Summary of the Working Group Report on “21<sup>st</sup> Century Financing Models for Bridging Broadband Connectivity Gaps” what governments and policy makers can do differently moving forward.

# Key Messages (cont.)

- Paradigm shifts are required to bring affordable and meaningful connectivity to the un- and underconnected. These include (1) broadening the base of contributors; (2) ensuring all who derive benefits from the digital economy, as consumers or as producers, objectively, equitably and fairly contribute towards connecting the unconnected given the urgency and attendant positive social impact on humanity; (3) for such contributions to be made by all ecosystem players taking into account the new 21<sup>st</sup> Century market realities of the disaggregation of digital services provision and, therefore, revenue generation from underlying network infrastructure investments; (4) making such contributions sustainable and predictable; and (5) for such contributions to be managed efficiently and disbursed in a timely and prioritized manner. The Executive Summary of the Working Group Report on “21<sup>st</sup> Century Financing Models for Bridging Broadband Connectivity Gaps” provides insights on what such paradigm shift could look like.
- The Strategic Recommendations of the Report are intended to drive progress in connectivity through a more effective set of investment, funding, and financing mechanisms and by engaging a broader range of stakeholders. Find out more about new contributors and contributions, new financing, funding and investment models and supporting policy and regulatory options in the Executive Summary to the Working Group Report “21<sup>st</sup> Century Financing Models for Bridging Broadband Connectivity Gaps.”

# Shortlist of Recommendations

- Broadening the base of contributors by including companies participating in and benefitting from the digital economy
- Earmarking ICT sector contributions to governments and spending it on initiatives supporting connectivity and adoption goals
- Reforming USAFs to be more effective financing mechanisms that support and expand connectivity to ICT services
- Having USAFs recognize various types of contributions from the broader base of contributors
- Creating an international ICT fund with the objective of supporting sustainable development of broadband connectivity
- Hosting the international ICT fund in a multilateral development bank (MDB) or an existing international organization
- Creating a database of funding best practices and their impact on broadband adoption and economic development (in line with the Moonshot for Africa Report)
- Exploring policies to incentivize voluntary contributions from new types of contributors
- Following a set of best-practice guidelines while reforming USAFs, such as the one provided in this report
- Supporting infrastructure incentives in high-cost areas, demand support initiatives, and digital ecosystem initiatives
- Improving project business cases through cross-collaboration between different public and private, national, and international contributors
- Balancing the broadband infrastructure development approach by catalyzing additional stakeholders to contribute to broadband development and via regulatory reform and demand side measures
- Collaborating across public, private, national, and international organizations

# Template for Quote Card

On the next slides, find a sample quote card from the Working Group Chair, as well as a template for use by participating Commissioners and Experts.

“

New approaches to funding, financing and investing into broadband infrastructure are key to guarantee access, affordability and equality for all.

**Bocar BA**, Broadband Commissioner and CEO of SAMENA  
Telecommunications Council







# Social Media Cards

On the following slides, find a sample social cards.

**Hashtags:** #ICT4SDG #Broadband #UniversalConnectivity

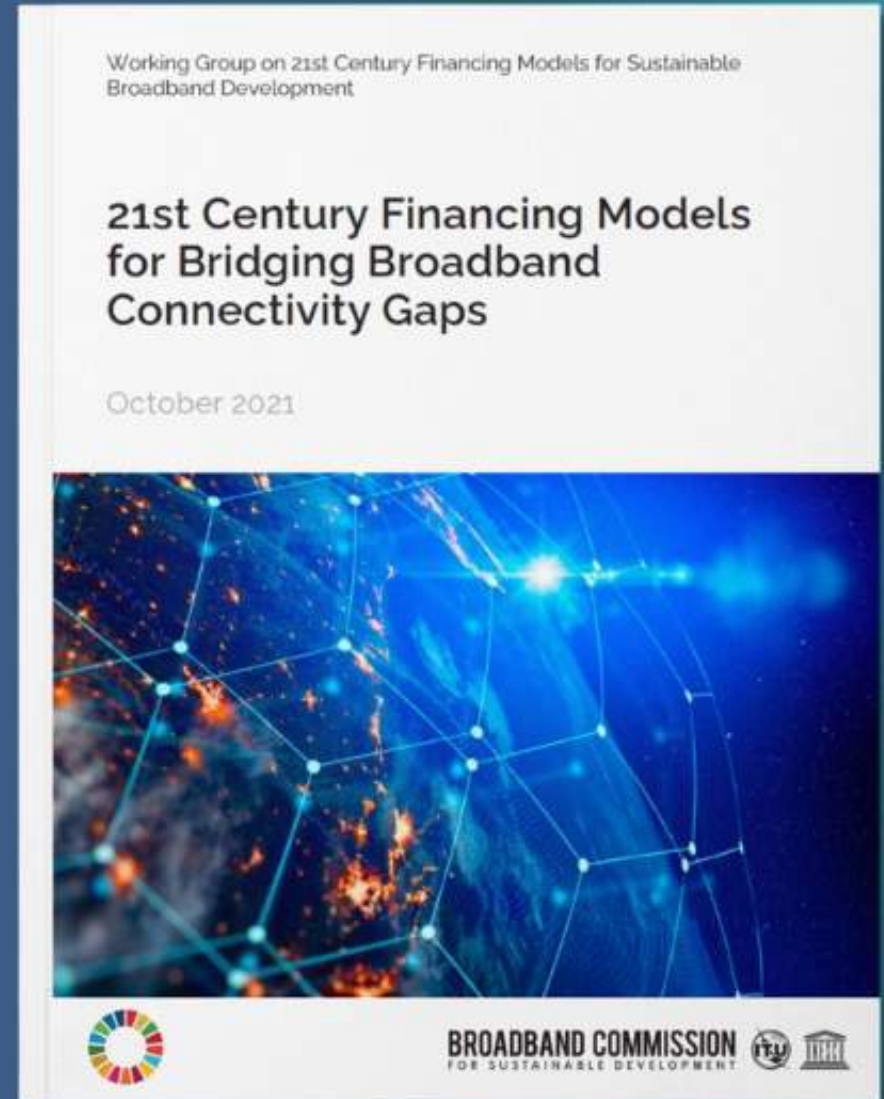
**Link:** [bit.ly/WGFinancingModels](https://bit.ly/WGFinancingModels)

**Tags:** @UNBBCOM (Twitter)

@BroadbandComission (LinkedIn, Facebook)

To reach the Commission's 2025 targets and achieve the UN SDGs, there will have to be **new** approaches that support the development of digital infrastructure, especially where it would otherwise not be profitable.

Download the Working Group report to learn more



Working Group on 21st Century Financing  
for Broadband Development

# 21st Century Financing Models for Bridging Broadband Connectivity Gaps

October 2021



**BROADBAND COMMISSION**  
FOR SUSTAINABLE DEVELOPMENT



## 21st Century Financing Models for Bridging Broadband Connectivity Gaps Executive Summary & Working Group Report

# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps

Key Policy Recommendation



## **Broadening the Base of Contributors**

Policy makers should consider broadening the base of contributors to ensure that all that participate in and benefit from the digital economy and its broadband infrastructure can contribute to it.



# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps

Key Policy Recommendation



## Earmarking Proceeds from ICT Sector Participants

Policy makers should consider earmarking proceeds from ICT Sector Participants such as existing mandatory contributions, fees, regulatory levies, or digital taxes, to be spent on initiatives supporting the BBCOM's connectivity and adoption goals.



# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps

Key Policy Recommendation



## Reforming Universal Service and Access Funds

Policy makers should reform USAFs where they have been found to be ineffective, with a focus on new, incremental infrastructure deployment and demand-supporting initiatives aimed at securing affordable connectivity to many, as well as recognizing various types of contributions from a broader base of stakeholders.



# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps

Key Policy Recommendation



## Creation of an International Fund

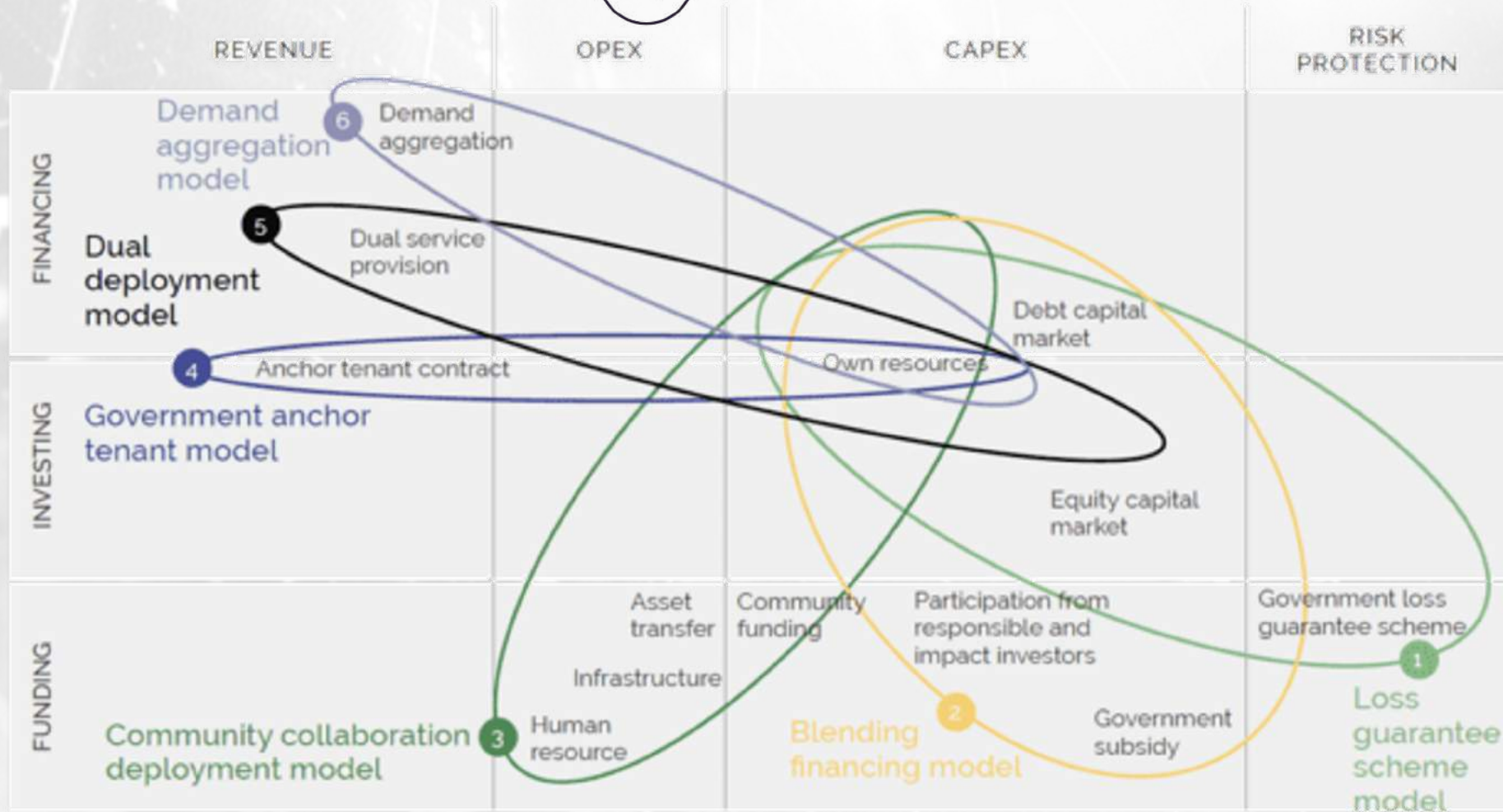
Policy makers should consider the creation of an International Fund to support the sustainable development of broadband, which could be hosted by an existing international or multilateral development bank in coordination with the relevant UN organizations. This fund would be open to investors and non-governmental organisation that could make voluntary contributions for the provision of low capital-cost, long-amortisation-period financing.



# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps



## Innovative Contribution Models





# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps







## Traditional Models and Contributors

Traditional Models and Contributors	
<b>A - Capex model</b>	<ul style="list-style-type: none"> <li>Traditional contributors are network operators, tower companies and infrastructure companies</li> <li>This model can be innovative when non-traditional contributors finance a project. The actors can be infrastructure funds, financial institutions,<sup>6</sup> and companies that derive economic benefit from infrastructure investment including digital companies and companies from outside the ICT sector<sup>7</sup></li> </ul>
<b>B - Vendor financing models</b>	<ul style="list-style-type: none"> <li>Network operators</li> <li>Network equipment vendors</li> </ul>
<b>C - Project financing model</b>	<ul style="list-style-type: none"> <li>Traditional contributors are network operators, tower companies, infrastructure companies, commercial banks, development banks, infrastructure funds or other financial institutions</li> <li>This model can be used in an innovative manner, through securitization of equity and debt to allow the participation of a larger selection of institutional and retail investors through global financial markets (including pension and mutual funds)</li> </ul>
<b>D - PPP model</b>	<ul style="list-style-type: none"> <li>Same as model C above with the addition of:</li> <li>Government contributing from its expenditure budget <b>funded through traditional tax streams of governments along with sector-specific taxes that are redirected back to the sector</b></li> </ul>
<b>E - Reformed USAF</b>	<ul style="list-style-type: none"> <li>Traditional contributors are the network operators, through levies applied on their services' prices</li> <li><b>Innovative contributors can include a broader base of voluntary contributors, as described in Section 3</b></li> </ul>
<b>F - Demand subsidization model</b>	<ul style="list-style-type: none"> <li>Traditional contributor is the government, from its expenditure budget (see model D of this table)</li> <li><b>Innovative contribution could be a country's reformed USAF, which will in turn fund itself with the possible ways described in Section 3</b></li> </ul>
<b>G - Infrastructure sharing</b>	<ul style="list-style-type: none"> <li>Contributors are network operators, or whoever owns network assets including electricity utilities, railroads, roadways, and others</li> <li>Contributions are not intended as financial contributions, but rather in-kind contributions of existing or new network assets</li> </ul>

# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps



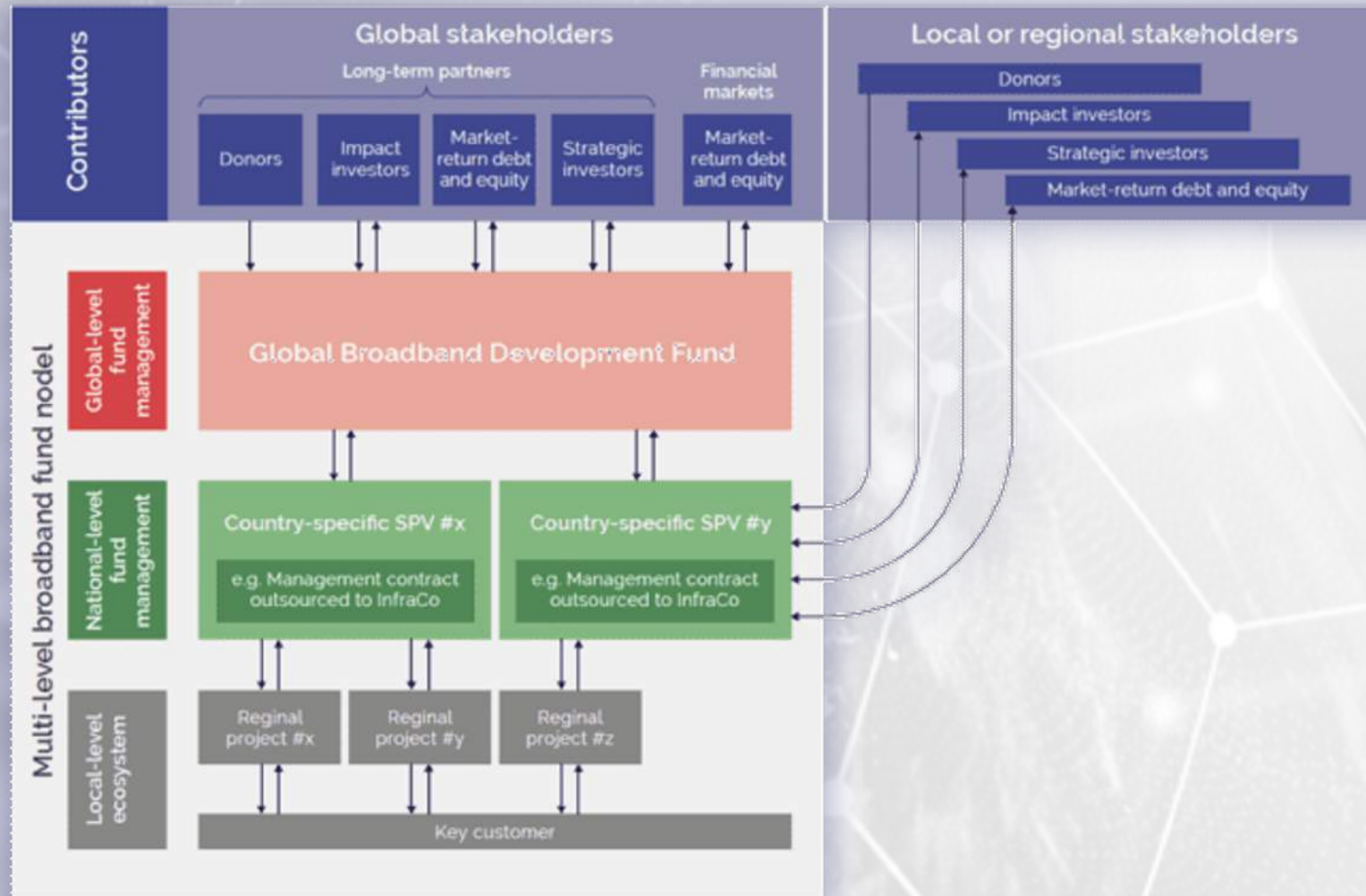
Areas of Intervention and Regulatory Levers

Areas of intervention	Regulatory levers shortlisted and analysed		
 <p>Infrastructure investment outlook</p>	Increase local financing		Facilitate foreign direct investment
 <p>Licensing framework</p>	Simplify licensing process, fees and conditions	Optimise spectrum availability and planning	Enable market entry
 <p>Network access regimes</p>	Facilitate competition management	Provide open access	Enable ICT infrastructure mapping and sharing
 <p>Infrastructure deployment</p>	Right of Way and permit procedures	Enable 'dig once' policies	Enable other deployment facilitation measures

# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps



Creation of an International Fund



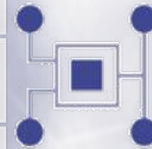
# 21<sup>st</sup> Century Financing Models for Bridging Connectivity Gaps



Possible Measures to tackle adoption obstacles



Limited affordability			
1	A	Micro-financing of devices	
1	B	Reduction in taxes and import duties on devices and usage of services	
1	C	Reduction or exemption of patent royalties	
1	D	Demand aggregation for devices	
1	E	Subsidies reducing the the cost of devices	
1	F	Facilitation of reuse of discarded devices from developed countries	



Limited digital literacy and awareness			
2	A	Community-based awareness and learning programmes	
2	B	Use of schools to galvanise awareness	
2	C	Independent learning enabled through incentives	
Lack of relevance and attractiveness (content)			
3	A	Translation/production of content in local languages	
3	B	Support for development of internet-based essential services	
3	C	Support for local start-up ecosystem to develop locally relevant applications	