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## **Reducing the Cost of International Internet Connectivity**

### **Executive Summary**

The high cost of international internet connectivity has a negative impact on the ability of citizens and institutions in developing countries to access the internet. This in turn has negative consequences on developing country participation in the global economy and 'information society'. It is possible to do something about it by accelerating the restructuring of the communications sector, supporting the establishment of regional internet exchange points in the developing world and forging a legally binding agreement through the WTO Doha Development Agenda as a development-related negotiations issue. The IGF has an important mandate to *advise all stakeholders in proposing ways and means to accelerate the availability and affordability of the Internet in the developing world*. The IGF needs to develop a coherent process to make a difference on the issue of reducing the cost of international internet connectivity as a matter of urgency.

The internet is a global public space that should be open and accessible to all on a non-discriminatory and affordable basis. For example, the cost of accessing the internet in Africa is exorbitant and is considerably higher than the rest of the world, with the serious consequence of further exacerbating Africa's growth prospects, development and isolation from the global economy and 'information society'.

The cost of accessing the internet in Africa is exorbitant. The poorest continent in the world has the highest costs for internet access, according to the World Bank's latest figures.

<b>Country</b>	<b>Internet users (per 1000 people)</b>	<b>Price basket for Internet (US\$ per month)</b>
DRC	2	74.0
Kenya	15	45.7
Mali	5	58.0
Nigeria	7	85.5
Rwanda	4	66.8
Senegal	19	40.8
South Africa	81	33.3
Sudan	9	160.7
Tanzania	7	117.0
Uganda	6	96.8

Compared to a range of other emerging or developing countries:

<b>Country</b>	<b>Internet users (per 1000 people)</b>	<b>Price basket for Internet (US\$ per month)</b>
Argentina	196	13.3
China	73	10.1
Ecuador	44	31.8
India	23	8.7
Philippines	58	17.1
Peru	105	32.8
Romania	184	25.3
Sri Lanka	14	15.1
Turkmenistan	2	20.0
Vietnam	65	19.9

Source: The World Bank: 2006 Information and Communications for Development: Global Trends and Policies. The price basket for Internet is calculated based on the cheapest available tariff for accessing the Internet 20 hours a month (10 hours peak and 10 hours off peak).

The Internet Governance Forum (IGF) has as one of its tasks in paragraph 72.e of the Tunis Agenda for the Information Society to '*advise all stakeholders in proposing ways and means to accelerate the availability and affordability of the Internet in the developing world*'. The Tunis Agenda also identified a number of issues in paragraph 50, where it was agreed that stakeholders should develop strategies for increasing affordable global connectivity which would facilitate improved and equitable access for all. [\[1\]](#)

The question arises as to how the IGF can carry out this task of advising stakeholders in proposing ways and means to accelerate the availability and affordability of the internet in the developing world.

There are two dimensions when addressing the question:

- Tackling the deficit in national, regional and international infrastructure in the developing world;
- Taking steps to reduce the cost of international internet connectivity.

These two dimensions fall squarely within the scope of paragraph 50 of the Tunis Agenda.

With regard to the question of infrastructure, there is a good example of how the infrastructure deficit is being addressed in Africa with regard to the East African Submarine Cable System (EASSy).

In this case, a broad range of stakeholders are negotiating over the terms and conditions under which the EASSy cable should be established so as to radically reduce the cost of international bandwidth to countries on the East Coast of Africa.

A consortium of East Coast telecom companies is in discussion with national governments and regulators as well as the regional African Union (through its NEPAD project, the eAfrica Commission), and a group of Development Financial Institutions (the DFIs) including the World Bank Group (WBG), the African Development Bank (AfDB), the Agence Française de Développement (AFD), the Development Bank of Southern Africa (DBSA), UK Department for International Development (DFID), and the European Commission which are supporting the development of the EASSy project.

Internet service providers are involved in the form of the African Internet Service Providers' Association (AfrISPA) as is an association of African universities interested in acquiring low cost bandwidth in the form of UbuntuNet. Civil society organizations like the Association for Progressive Communications (APC), Collaboration on International ICT Policy for East and Southern Africa (CIPESA), Balancing Act, the Kenya ICT Action Network (KictaNet) as well as international development organizations like the International Development Research Centre (IDRC), InfoDev and the United Nations Development Programme (UNDP) are also involved.

A similar process is underway on the West Coast of Africa, spearheaded by the Open Society of West Africa (OSIWA) and the Centre for International ICT Policies in Central and West Africa (CIPACO) to reduce the cost of international connectivity on the SAT3/WASC submarine cable.

This broad multi-stakeholder approach should be studied with a view to replicating its value in addressing the infrastructure deficit in other regions as well as international infrastructure connecting developing countries to the North.

It may also be of value in addressing the thorny problem of reducing the cost of international internet connectivity. As indicated in the APC discussion paper on interconnection costs published before the Tunis Summit[\[2\]](#), the problem of high interconnection costs should be dealt with at three levels:

- At the national level, by accelerating the restructuring of the communications sector;
- At the regional level, by establishing regional internet exchange points
- At the international level, by forging a legally binding agreement through the World Trade Organisation (WTO) Doha Development Agenda as a development-related negotiations issue.

The history of the various processes of addressing international internet connectivity is well known. The International Telecommunication Union (ITU) has been studying the issue since 1998 and produced recommendation D.50, and is continuing its study. Australia, Mexico and Columbia have raised the issue at the WTO. At the regional level, the matter has been raised in Africa, Latin America and Asia. During the second phase of WSIS, the Working Group on Internet Governance (WGIG) also addressed the question.[\[3\]](#)

The major problem with the work conducted so far is that it lacks coherence and focus and is being addressed at national, regional and international levels that are not interoperable.

The national and international levels of the problem intersect in the WTO's Doha round where there is a real negotiating opportunity to both accelerate the restructuring of the communications sector at national level and produce a legally binding agreement on a more equitable allocation of interconnection costs between developed and developing countries.

At the regional level, the development of various regional action plans in Latin America, Africa and Asia (such as the eLAC2007 Action Plan) through the initiative of regional UN economic commissions could usefully take up the process of supporting the establishment regional internet exchange points through a multi-stakeholder process similar to that of the EASSY cable project.

What role should the IGF then play to 'advise all stakeholders in proposing ways and means to accelerate the availability and affordability of the Internet in the developing world' in terms of paragraph 72.e of the Tunis Agenda?

This is not an easy matter.

- The Doha Round is suspended till further notice.
- The ITU may carry on its studies, but its recommendations are not binding.
- The UN Regional economic commissions like the Economic Commission for Africa (UNECA), the Economic Commission for Latin America and the Caribbean (ECLAC) and the Economic and Social Commission for Asia and the Pacific (UNESCAP) and other regional bodies like the Asia Pacific Economic Cooperation (APEC), the New Partnership for Africa's Development (NEPAD) or the Inter-American Telecommunication Commission (CITEL) may have the issue on their agendas or action plans but the issue is one among many others.

The IGF could help to catalyse the issue by analysing the situation holistically and by giving sound advice to stakeholders on how to take the matter forward coherently.

The three levels to reducing international internet connectivity are quite feasible to address:

- At the national level, by accelerating the restructuring of the communications sector;
- At the regional level, by establishing regional internet exchange points
- At the international level, by forging a legally binding agreement through the World Trade Organisation (WTO) Doha Development Agenda as a development-related negotiations issue.

The question for the IGF is: **does the IGF have a mechanism for involving stakeholders in the production of the advice and then engaging with the institutions responsible in a way that maximises the value of the advice?**

Would it be possible to have a formal Working Group on International Internet Connectivity, mandated to analyse and make recommendations to the IGF and structured on a multi-stakeholder basis similar to the process around the EASSy cable?

Does the IGF have a procedure for discussing and adopting the findings and recommendations of such a Working Group?

Does the IGF have a mechanism for delivering the advice to 'all stakeholders in proposing ways and means to accelerate the availability and affordability of the Internet in the developing world' in a meaningful way?

## Endnotes

[1] **Tunis Agenda for the Information Society**, 2005, paragraph 50. **We acknowledge** that there are concerns, particularly amongst developing countries, that the charges for international Internet connectivity should be better balanced to enhance access. **We therefore call for** the development of strategies for increasing affordable global connectivity, thereby facilitating improved and equitable access for all, by:

- a. Promoting Internet transit and interconnection costs that are commercially-negotiated in a competitive environment and that should be oriented towards objective, transparent and non-discriminatory parameters, taking into account ongoing work on this subject;
- b. Setting up regional high-speed Internet backbone networks and the creation of national, sub-regional and regional Internet Exchange Points (IXPs);
- c. Recommending donor programmes and developmental financing mechanisms to consider the need to provide funding for initiatives that advance connectivity, IXPs and local content for developing countries;
- d. Encouraging ITU to continue the study of the question of the International Internet Connectivity (IIC) as a matter of urgency, and to periodically provide output for consideration and possible implementation. We also encourage other relevant institutions to address this issue;
- e. Promoting the development and growth of low-cost terminal equipment, such as individual and collective user devices, especially for use in developing countries;
- f. Encouraging Internet Service Providers (ISPs) and other parties in the commercial negotiations to adopt practices towards attainment of fair and balanced interconnectivity costs.
- g. Encouraging relevant parties to commercially negotiate reduced interconnection costs for Least Developed Countries (LDCs), taking into account the special constraints of LDCs.

[2] **Interconnection costs**: a discussion paper prepared by the APC by Mike Jensen, September 2005

[3] **ITU-T Recommendation D.50** (10/2000) and D.50 Amendment 1 (06/2004); Sacha Wunsch-Vincent **WTO, E-Commerce and Information Technologies: From the Uruguay Round through the Doha Development Round** ICT Task Force Series 7, 2005; **eLAC2007 Action Plan**; AfrISPA **The Halfway Proposition: Background paper on the reverse subsidy of G8 countries by African ISPs**, 2002, **Via Africa: Creating local and regional IXPs to save money and bandwidth**: discussion paper prepared for IDRC and ITU for the 2004 Global Symposium for Regulators; WSIS **Draft WGIG issue paper on International Internet Connections (IIC)**, 2005 WSIS: **Report from the Working Group on Internet Governance**, 2005; Baher Esmat and Juan Fernandez: **International Internet Connections Costs** in William J Drake (ed) **Reforming Internet Governance – Perspectives from the Working Group on Internet Governance** ICT Task Force Series 8, 2005