TechAfrica NEWS
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Q&A

The Challenges of Achieving Universal Connectivity in Africa

Max Cuvellier from GSMA Mobile for Development and **Akim Benamara from TechAfrica News** discuss the challenges of reducing the connectivity gap and the GSMA's vision for better connectivity in Africa.

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Founder of TechAfrica News

GSMA™

During the previous year's MWC Africa event, we were presented with statistics indicating the significant number of people that remain unconnected. Therefore, I would like your opinion on guaranteeing universal connectivity. Specifically, what are some of the immediate solutions that can be implemented to address this issue?

The emphasis in the mobile industry for a long time has been on improving connectivity due to the significant connectivity gap, especially in Africa, which still stands at 17%. As more people have been connected, it has become increasingly difficult and expensive to connect the next 10 million people because they live in more remote areas with less income. As a result, the conversation has shifted towards reducing the price of connecting people with smaller, more agile base stations while recognizing the need for continued investment.

One of the challenges in getting this investment is that mobile operators need to be more profitable on the network they have built. This area has received less attention in the past, but more people are starting to take notice. By looking at the usage gap, there is a significant opportunity to increase profitability while bridging the remaining coverage gap.

Several barriers to improving usage include handset affordability and digital skills. To address these barriers, multiple approaches can be taken. One is to reduce the price of smartphones, which has already been reduced to a certain level but may be difficult to lower further due to inflation and transportation costs. Another approach is to offer financing models that allow users to pay a lower down payment and then pay the remaining balance over time as part of their mobile service payments. Subsidies from governments or private organizations can supplement this. Another area of focus is reducing import taxes on devices, which can significantly increase the cost for users.

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Some promising initiatives are already in place, such as Safaricom's Lipa Mdogo Mdogo offer, which provides decent to high-end feature phones with a smaller down payment and pay-

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as-you-go options. However, it is essential to recognize that mobile phones are more susceptible to disappearing than larger assets like solar panels, so special considerations must be considered when providing these financing options.

For example, in Kenya, they are making high-end feature phones available to people who have been actively using their mobile money account for at least six months, indicating a stronger commitment to paying back the asset.

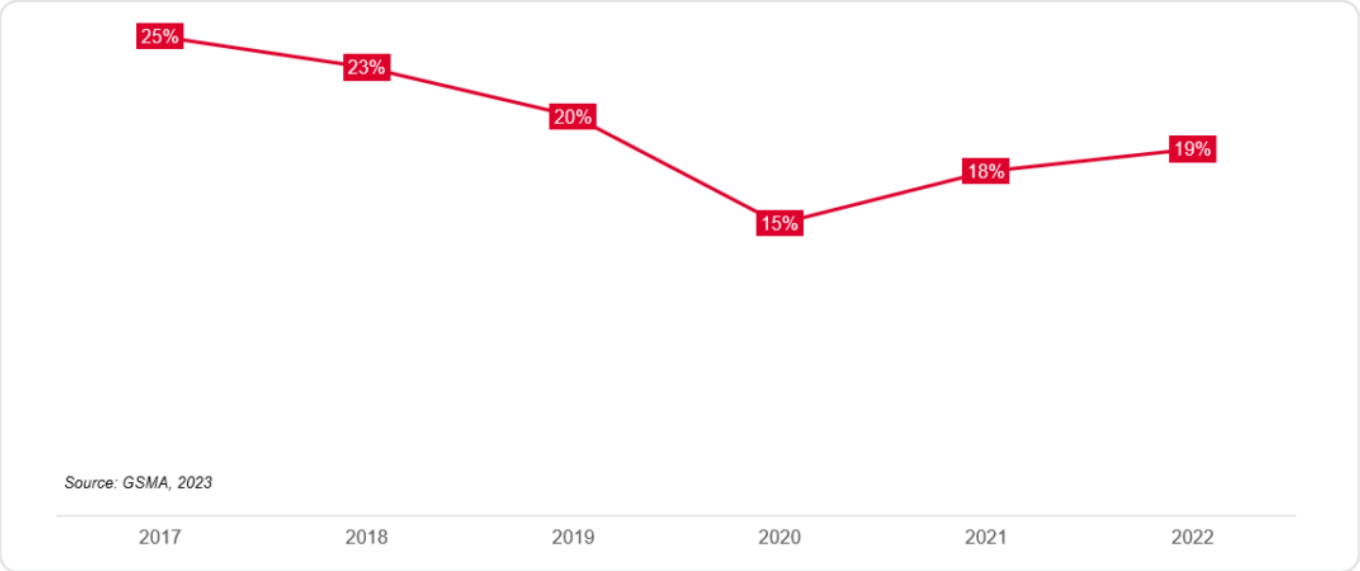
If you look at South Africa, one of the biggest countries in Sub-Saharan nations, access to devices is not their main problem; the affordability of data is the major challenge. How can we address the issue of expensive data, even with the availability of super apps like Vodacom? Would providing access to more privileged individuals who can afford data be a viable solution?

So, when you consider the total cost of ownership, including the phone, charging it, and paying for data, data is not the biggest portion of the cost. However, it can still be expensive compared to daily income.

The reality is similar to the chicken and egg dilemma. For instance, if you install a 3G or 4G network in an area with 10 million people, and only 1 million people use it, it is not financially sustainable because most people do not use it. The more people use it, the more the cost can be reduced. Therefore, it is crucial to get more people online, provide them access to smartphones, and improve their digital literacy. This will help subsidize the price and bring it down for the next million people who come online.

Mobile operators want to maximize the number of users and usage volume. They are not interested in charging $100 for a service people cannot afford. If the price is perceived as high, it is because it cannot be lower than that financially.

How about bringing in new services to generate additional revenue and make it more attractive for people to join this world?



I often see people running around to coffee shops to get WiFi, but how can you ensure that someone can continue using a service outside of a WiFi zone?

You have raised an exciting barrier, which is related to content. When we conduct surveys with individuals who don't use mobile internet, they often express the sentiment that they don't see the relevance of it. This is because many services have been developed, but users are unaware of them or aren't tailored to their needs. Investing in a smartphone or feature phone and data is a significant financial commitment for most households. This money might not be available for other vital areas like education or health.

We collaborate with companies that offer solutions in energy, water, sanitation, or Agritech, as well as startups like Tractor or Koemana in Nigeria that offer digital agricultural services such as weather information and market access. These services provide individuals with an economic identity and access to microcredit. Therefore, the value provided by these devices and services must be maximized instead of just using them for social media.

In the next two to three years, what key factors do you see as critical for driving digital transformation, and how can the private and public sectors collaborate effectively to achieve this goal?

Everyone has a role to play. At GSMA Mobile for Development, we identify sustainable business models and cases to bring about change. In terms of gender, we have successfully worked with 40 mobile operators that have intentionally addressed the gender gap and set targets to reduce it, resulting in an additional 55 million women going online. We also offer digital skills training modules, which have been deployed to 50 million people through trainers or agents. Working with MTN in Benin and Cameroon, we have seen a significant multiplication of mobile data usage, resulting in a good return on investment for MTN. We work with regulators to ensure that regulations enable the next 100 million people in Africa who are not connected to go online.

Taxation is a concern in the heavily taxed mobile industry, and we need to strike a balance between contribution and growth. We work with international organizations, particularly DFI's or international

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banks, to bring solutions to the more challenging next 100 million people who may lack formal proof of ID, income, or connectivity and may be facing additional barriers such as being women or in rural areas.

We cannot stop where we are in terms of connectivity and usage, as it would leave more than half of the world's population outside the digital world and perpetuate inequalities. We all need to work together to push boundaries and leave no one behind, including industry, international organizations, small startups, regulators, and governments.

You just mentioned the gender gap. Can you share your perspective on the gender gap in connectivity and what factors contribute to women being less likely to be connected to mobile internet?

The reasons I mentioned earlier for the usage gap are more severe for women. For example, smartphones are often seen as an investment and are usually given to the head of the household, followed by the eldest son, and then finally to the wife. Thus, women are left behind. In terms of digital literacy, women and girls in many countries lag behind men due to literacy disparities.

Additionally, safety and security concerns affect women more, both in reality and perception, and social norms contribute to these obstacles. Across low and middle-income countries, there is still a gender gap of around 16% to 17%, which may not seem significant, but it means that for every 100 men who use mobile internet, only 83 women do. This gender gap in mobile internet access amounts to hundreds of millions of women.

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We will publish high-level numbers next week for International Women's Day. The next report on the gender gap will be available in May, with an analysis of 11 or 12 countries, of which six or seven are in Africa.