

Chapter 6

The Challenges of Using Zero–Rating (Free Basics) for Addressing the Affordability of ICT Access in Developing Countries

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ABSTRACT

As the body of evidence on the usefulness of Information and Communication Technologies (ICT) for poverty reduction and development continues to grow, mobile network operators (MNOs), development agencies, and regulators are employing various measures to increase universal access. These measures are motivated by corporate social responsibility, pro-poor ideologies, and regulatory requirements imposed by regulators. While regulators have employed price controls and infrastructure sharing, MNOs have employed free basics to provide internet access to those who could not afford it. The introduction of free basics seems plausible, but it is fraught with implementation challenges. This article discusses such challenges with a view to clarifying how the steps taken to foster affordability affect the conflicting interests of different stakeholders on the ICT data and voice eco-system.

INTRODUCTION

The need to make Information and Communication Technologies (ICT) access affordable in developing countries has ignited the contentious debate on the use of free basics and Zero rating. This occurs in the context of a growing body of literature that shows confidence in the usefulness of ICT for development

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(ICT4D) and poverty reduction (World Bank, 2002; Moradi & Kebryaee, 2010; UNCTAD, 2011). While pinning its usefulness on compliance within the context of (Walsham & Sahay, 2006, Avgerou, 2008; Hayes & Westrup, 2012), this literature has encouraged development agencies, governments, and regulatory authorities to foster ICT access by the poor. This has been further fueled by anecdotal evidence that suggests that unequal access may worsen inequalities due to asymmetrical access to e-opportunities (Niles & Hanson, 2003).

As a result, Information Systems (IS) scholars have conducted extensive research on how to bridge various causes of digital divides (Fuchs & Horak, 2007; Acilar, 2011). The term digital divide refers to unequal patterns of access, usage capabilities, and ICT-enabled benefits that derive from demographic and technical stratifications that produce classes of winners and losers of the information society (Fuchs & Horak, 2007). These studies have identified causes that range from demographic imperatives such as gender, innumeracy, lack of information literacy and income, and structural issues like infrastructure and unaffordability of access, among other causes (Mansel, 2001; Acilar, 2011).

While the digital divide studies seem to be decreasing, there is evidence that many people in the developing world are still not using ICTs that the industrialized nations take for granted. Even as ICT penetration has increased at a phenomenal rate due to unprecedented mobile penetration since the 1990s, there is evidence of exclusion and adverse inclusion of mobile ICT user in the developing countries which cannot afford the cost of ICT access (Gillwald et al., 2016). This high mobile penetration has been caused by cheaper mobile gadgets and mobile infrastructure, which is cheaper to TELCOs than legacy voice telephone technologies. While this has bridged digital divides and stimulated great interest in mobile applications like m-health, m-money and m-banking among others things, these continue to be underutilized by people of low income brackets.

This has motivated regulators to enforce universal access obligation through price controls and infrastructure sharing. Development agencies have initiated several pro-poor strategies while MNOs bent on showing corporate social responsibility have employed Free Basics¹ for providing ICT access to those who would not afford it. These measures have not been accepted without controversy because there is a growing number of Internet governance activists who have been lobbying for affordability while opposing Zero rating as proposed by global notables such as Facebook (Gurumurthy & Chami, 2016). Stakeholders on the eco-systems have disagreed for reasons that include the protection of Net Neutrality (NN) and unfair competition or violation of antitrust laws as discussed latter in this chapter. This situation has created serious challenges for regulatory authorities that endeavor to provide affordable access for the poor while balancing the interests of proponents of free basics without abrogating the principle of net neutrality and sacrosanct antitrust laws. By drawing lessons from different developing countries, this article discusses how free basics can be used for fostering affordability.

AFFORDABLE ACCESS AND ITS IMPACT ON POVERTY REDUCTION AND DEVELOPMENT

Several studies have suggested that ICTs can fight poverty and foster development (Tawah & Stark, 2010; Walsham, 2012; Takavarsha Jr., Mlambo, & Hapanyengwi, 2013). Therefore, this makes the affordability of ICT access essential as we discuss in the remainder of this article. The possibility of achieving ICT enabled poverty reduction and development can only be realized when the poor have access to ICTs. While digital divide studies have defined the factors that are necessary for improved access, they have

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