The scale of resources required to develop high-quality, low-latency broadband in developing countries is large. Between 2008 and 2014, approximately $4.5 billion were invested in submarine cables alone in Asia and the Pacific. Telecom carrier-led consortia played a major role, although governments, multilateral development banks and private investors provided around 16% of the investment. In the case of the LDCs, support of development partners, particularly in the form of ODA and concessional development finance will be needed in many cases to ensure viability. Total ODA, however, to the ICT sector in LDCs has been low between 2010 and 2015, at around $32 million a year. This comprises only 0.1% of total ODA to LDCs, and around 1.1% of ODA to economic infrastructure in LDCs.

Filling this gap between needs and resources in LDCs requires a variety of innovative financing modalities and rolling-out options. One example is private-public initiatives, which according to the World Bank financed $29.5 billion of investment in infrastructure in the first half of 2016. This amount included 35 active ICT investment projects in LDCs, totalling $3.4 billion. Other required measures include the reduction of broadband deployment costs, the creation or strengthening of a financing infrastructure for high-speed access, and creating a favourable environment for attracting finance and investment in broadband infrastructure.

The OECD approach to financing broadband suggests that the public sector should focus on reducing investment costs, combined with strategic public funding, while avoiding crowding out of private financing. It identifies four basic investment models for broadband development. The publicly run municipal network model involves a public authority, which is building, deploying, owning and maintaining a broadband network. The privately run municipal network model has the public authority procuring a broadband network (both its building and operation) from a private firm, with competing service operators as providers. The community broadband model is a bottom-up approach where investment in broadband is the private initiative of local residents. Support from the public authority can take the form of co-financing, regulation, access to public infrastructure and establishing fair rules for all operators using the infrastructure (including broadband cooperatives and small businesses). Finally, the operator subsidy model involves the public authority subsidizing (in the form of a grant) one market actor so it can upgrade its infrastructure, and funds the gap between what is desirable and what is commercially viable. Among the recommended financing tools, best practices include revenue-based financing, private capital and financial markets, government-backed bank loan and bonds (guarantees), public funds and financing, and bottom-up community financing.

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Questions for discussion:

- What are specific challenges for LDCs to access financing particularly for broadband or ICT?
- What are the regulatory measures that will be conducive to attract more investment?
- How can broadband deployment costs be reduced in LDCs?
- What can development partners do to facilitate and encourage investment in broadband in LDCs?