INITIATIVE FOR A DIGITAL AFRICA

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Network Usage Fees: A Risk to Africa's Digital Growth

Over-the-Top Network Fee Proposals

Across markets in and outside of Africa, some network operators and regulators have proposed requiring content and application providers (CAPs) to pay telecommunications service providers (TSPs) a recurring network usage fee for the privilege of reaching end users. These proposals travel under different names, including fair share, universal service fund base contribution, over-the-top (OTT) network fees, and similar phrasing.

Internationally, a draft Recommendation under the International Telecommunication Union, developed in ITU-T Study Group 3 and titled "Guidelines on Potential Cost Contribution Mechanisms between OTT Service Providers and Telecom Network Operators," could provide a reference point or policy template for member states considering cost-contribution mechanisms.

The Initiative for a Digital Africa urges policymakers across the continent to oppose OTT network fee proposals. The African Continental Free Trade Area, the rapid build out of submarine cable capacity and internet exchange points, and a fast-growing community of innovators are widening access and creating jobs. The current internet model has enabled this progress, and new OTT network usage fees would undermine it.

Why Network Usage Fees Would Harm Africa

- **Network usage fees risk double recovery.** End users already pay telecommunications providers for access, while content and application providers already pay for hosting, transit, cloud services, caching, content delivery, and peering. A mandatory network usage fee risks double recovery for the same delivery, and those costs may ultimately be passed on to consumers, businesses, or African digital platforms, slowing the connectivity Africa is working to expand.
- **Content providers already build Africa's connectivity.** CAPs invest in infrastructure, caching, and exchange-point peering that bring traffic closer to users and lower costs.[1] A fee would tax the very investment that is widening access.
- **OTT network fees choke competition and fragment the digital market.** OTT network fees would turn the open internet into national toll gates that raise the cost of reaching African users, fragmenting the single market the African Continental Free Trade Area is meant to build.
- **OTT network fees would single out firms, raising concerns under core telecom and trade principles. As proposed,** selective OTT fees may raise concerns under non-discrimination, transparency, competition, and trade-in-services principles.

[1] Analysys Mason, content and application providers' infrastructure investment (2022): https://www.analysysmason.com/consulting/reports/internet-content-application-providers-infrastructure-investment-2022/

- **OTT network fees lack consensus evidence of public benefit.** Mandatory network usage fees lack clear, consensus evidence of net public benefit, and real-world experience shows serious risks, including higher costs, disputes over interconnection, service degradation, and market fragmentation.[2,3]

Recommendations

The Initiative for a Digital Africa recommends:

- **In the ITU-T,** African delegations to Study Group 3 should withhold support for a Recommendation that is untested and lacks consensus.
- **Across Africa,** regulators and legislatures should reject network usage fees and support open internet principles that are driving competition and innovation across the digital economy.
- **To advance connectivity,** policymakers should instead pursue wholesale market reform, infrastructure sharing, spectrum policy, co-investment incentives, and voluntary commercial agreements subject to competition oversight, rather than selective mandatory OTT fees.

The Initiative for a Digital Africa welcomes further partnership across Africa to support an open and affordable internet and a connected, integrated market that will drive Africa's growth.

The Initiative for a Digital Africa (www.initiativedigitalafrica.org) is a global network of organisations committed to supporting prosperity, economic growth, and job creation across Africa by promoting the adoption of robust digital policies. IDA's members supporting this statement include: Association for Competitive Technology, Africa Data Centres Association, Africa Information and Communications Technologies Alliance, Business Software Alliance, Computer and Communications Industry Association, Information and Communication Technology Association of Malawi, Institute of Information and Communication Technology Professionals Ghana, Lesotho Information and Communication Technology Association, South Africa Information and Communication Technology Association, and TICON Africa.

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[2] Plum Consulting, analysis of the "Sender Party Network Pays" proposal (2022): https://plumconsulting.co.uk/analysis-of-the-fft-sender-party-network-pays-proposal/

[3] BEREC, preliminary assessment of the underlying assumptions of payments from large CAPs to ISPs (2022): https://www.berec.europa.eu/en/document-categories/berec/opinions/berec-preliminary-assessment-of-the-underlying-assumptions-of-payments-from-large-caps-to-isps