

# **An Overview Report of ITU Price Basket Benchmark for SADC Countries**

**January 2023**

## **1.0. Introduction**

The International Telecommunication Union (ITU) collects prices for telecommunications services and products from its member states which are used for benchmarking purposes based on a basket of specific volumes of each service so that expenditures on a given set of services and volumes consumed could be obtained. For international comparability, the prices are expressed in nominal United States Dollars (USD), in purchasing power parity (PPP), and a percentage of Gross National Income per capita (GNIpc) in each country. The consumption period is assumed to be monthly.

The benchmarking method chosen by ITU is based on defining a consumption basket, for example, specific consumption of voice and data per month per user, that represents what the average consumption of a user would be. The basket approach allows comparability with other baskets and results obtained by other international organizations. It also makes it easier to introduce new services and bundles in the consumption basket over time.

Operators with high market shares are more representative than small operators who direct their offerings to niche segments. Hence the price baskets consider the prices of the operator with the highest market share.

This report provides an overview of the SADC region price comparison to understand how Malawi is performing within the region.

## **2.0. SADC Region Price Benchmark**

Using the ITU price basket, a comparison was done for SADC countries specifically looking at how Malawi is performing compared to the other countries. Furthermore, it compares its performance against the average for African, Least Developed Countries (LCDs), and Landlocked Developing Countries (LLDCs) to which Malawi belongs. The benchmark focuses on five baskets namely the fixed basket (5GB), mobile cellular low usage basket (70min + 20 SMS), data-only mobile broadband basket (2GB), mobile data and voice high consumption basket (140min + 70 SMS + 2GB and mobile data and voice low consumption basket (70min + 20SMS + 500MB) for the 2021 period.

### **2.1. Fixed Broadband 5GB Basket**

The fixed broadband 5GB refers to the price of a monthly subscription to an entry-level fixed broadband plan. For comparability purposes, the fixed broadband is based on monthly data usage of 5GB.

In Figure 2.1, shows that Malawi ranked 10<sup>th</sup> out of the 16 SADC countries with a price basket of 30.6 USD, the cheapest being Lesotho with a price basket of 7.01 USD. Malawi is above Africa, LCD, and LLDC averages.

The price of the fixed broadband 5GB basket is 63.61% of the Gross National Income per capita (GNIpc) for Malawi this is above the recommended 2% threshold which is the affordability target. Nonetheless, the average GNIpc for Africa, LDC, and LLDC are also above

the recommended 2%. Only two countries in SADC met the affordability target of 2% below Seychelles and Mauritius at 1.27% and 1.67% respectively.

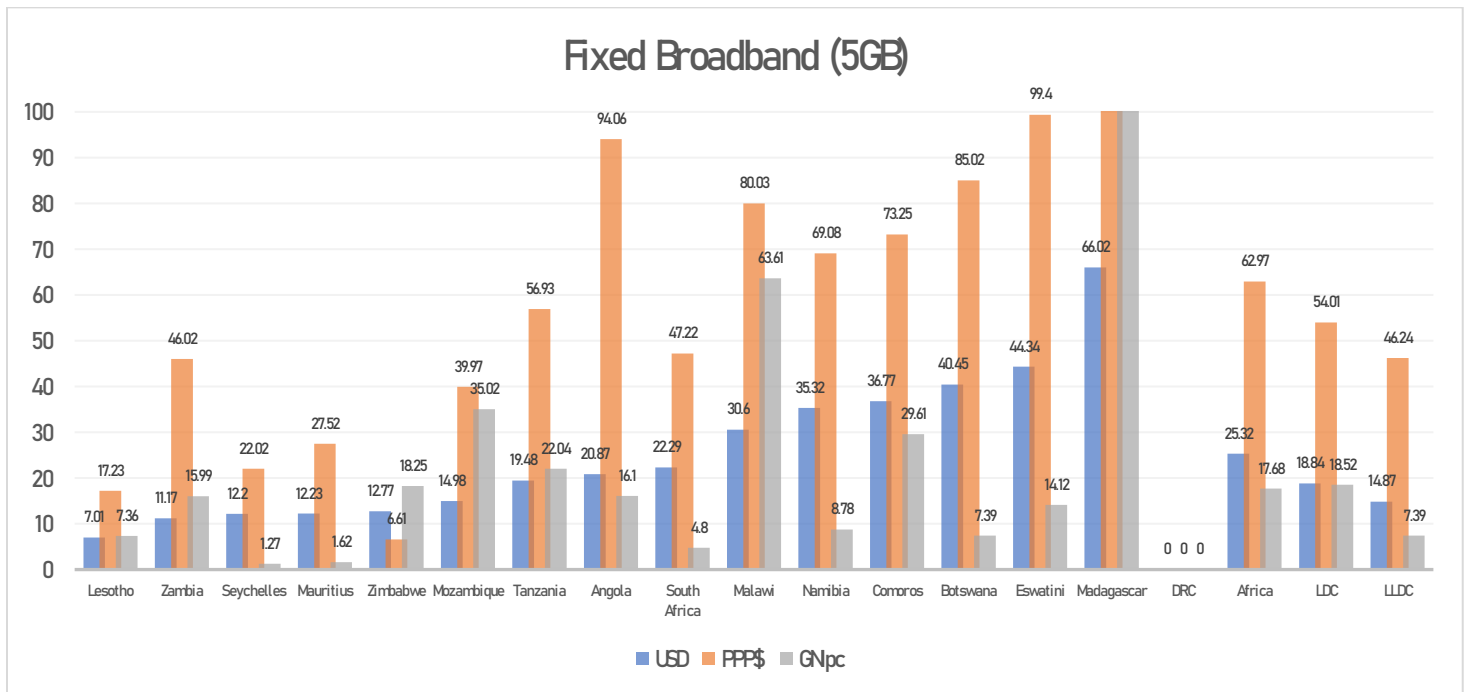


Figure 2.1: Fixed broadband 5GB basket

Source: ITU, 2021

## 2.2. Mobile Cellular Low Usage Basket (70min + 20 SMS)

The mobile cellular basket refers to the price of a standard basket of 70 minutes and 20 SMS messages per month in predetermined on-net/off-net/fixed ratios. The mobile cellular basket is chosen without regard to the plan's modality (prepaid or postpaid) for example if more than 50% of subscriptions are prepaid then prepaid is selected.

Malawi was ranked 7<sup>th</sup> out of the 16 SADC countries with a price basket of 4.55 USD in this basket and it was below Africa and LLDC averages however, it was above the LDC average. The cost is above 2% of GN/pc which is the affordability target. Six countries in this basket met the 2% affordability despite others having a higher cost than Malawi.

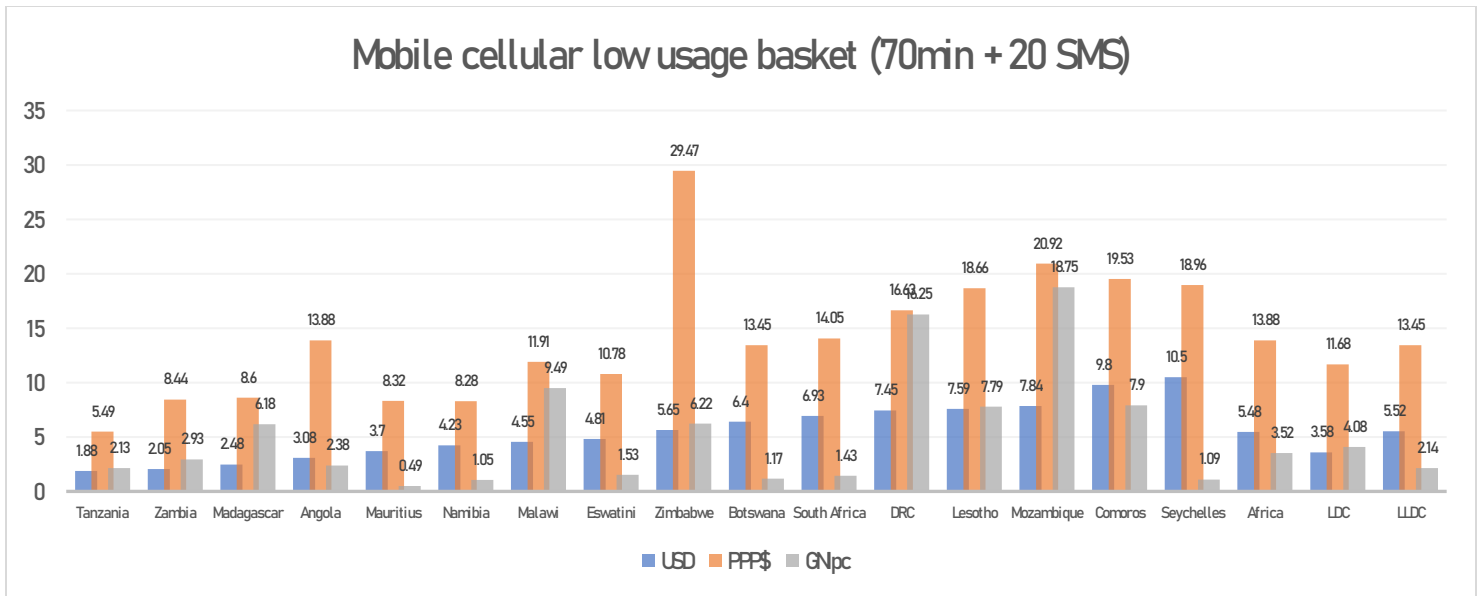


Figure 2.2: Mobile Cellular Low Usage Basket

Source: ITU, 2021

### 2.3. Data- Only Mobile Broadband Basket (2GB)

The data-only mobile broadband basket is based on monthly data usage of a minimum of 2 GB. For plans that limit the monthly amount of data transferred by including data volume caps below 2GB, the cost for the additional data (Megabytes) is added to the basket. The minimum speed of a broadband connection is 256 kbit/s, relying on 3G technologies or above.

Based on figure 2.3 Malawi ranked 6<sup>th</sup> with a cost of 5.00 USD for this basket, which is below Africa, LDC, and LLDC averages. Tanzania is the cheapest with a cost of 4.33 USD. The cost for this basket is above the affordability target of 2% of GNIpc, only Botswana and Mauritius met the target despite their cost being higher than that of Malawi.

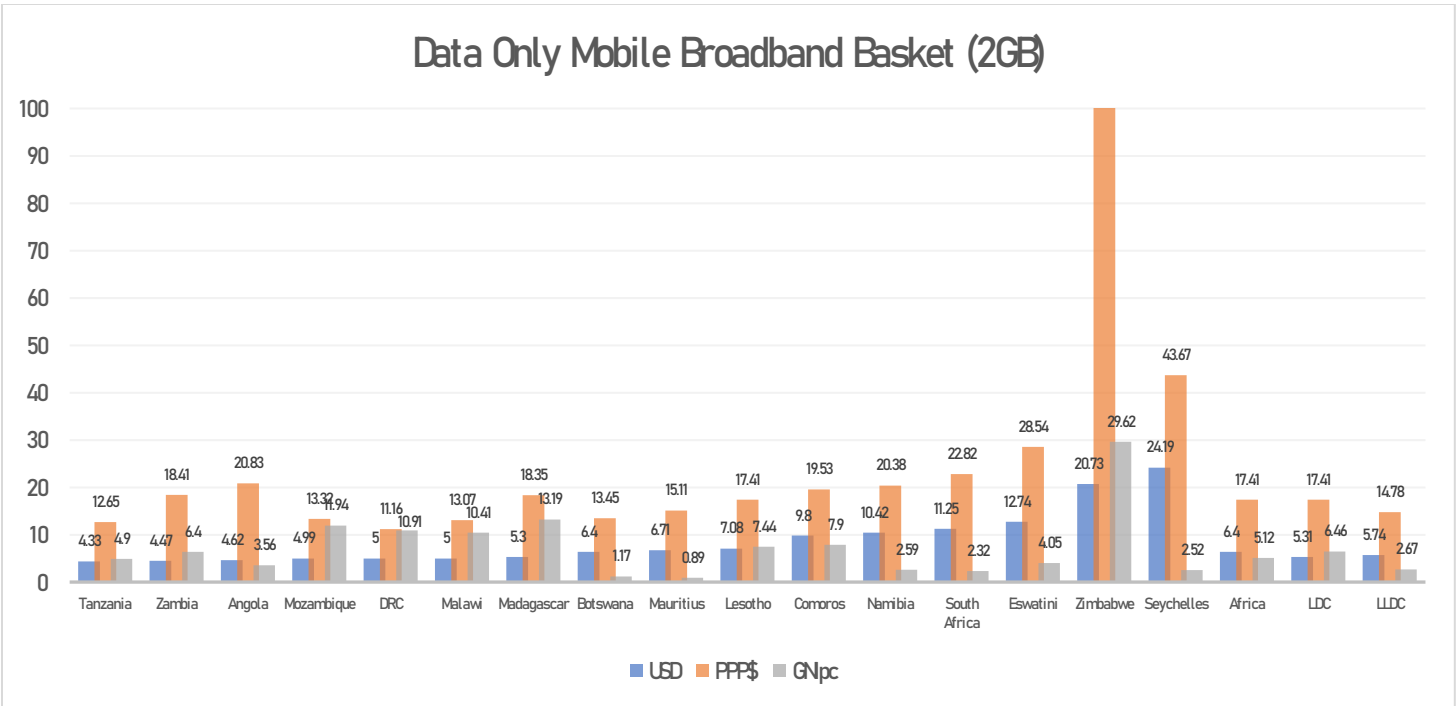


Figure 2.3: Data-only mobile broadband basket

Source: ITU, 2021

**2.4. Mobile Data and Voice High Consumption Basket (140 Min + 70 SMS + 2GB)**

The mobile data and voice high consumption basket is based on monthly data usage of a minimum of 2 GB, 140 minutes, and 70 SMSs. The cost of the additional bytes is added to the basket for plans that limit the monthly amount of data transferred by including data volume caps below 2 GB. The minimum speed of a broadband connection is 256 kbit/s, relying on 3G technologies or above.

In figure 2.4, Malawi ranked 3<sup>rd</sup> for this basket with a cost of 7.90 USD while the cheapest was Zambia with a cost of 6.7 USD. Malawi sits below Africa, LDC, and LLDC averages. Despite being among the low-cost countries Malawi is above the affordability target of 2% of GNIpc which is currently at 10.41%. Only two countries in SADC meet the affordability target.

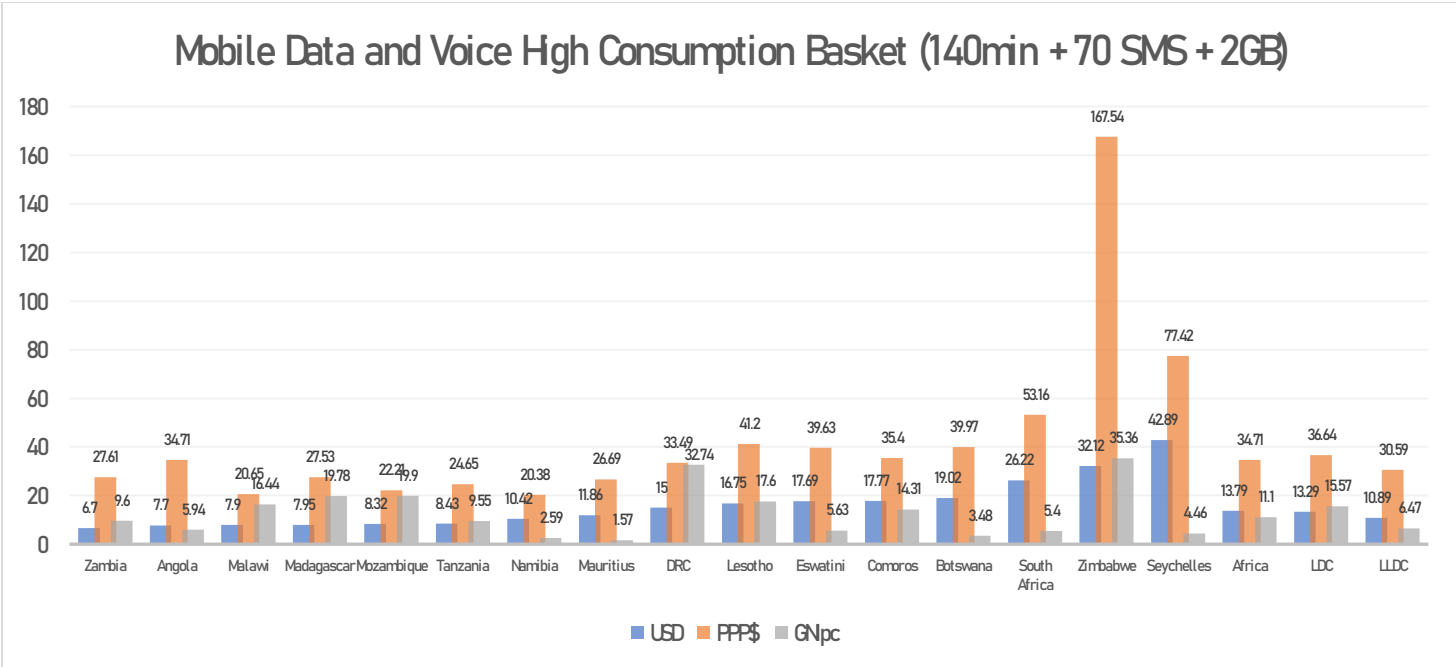


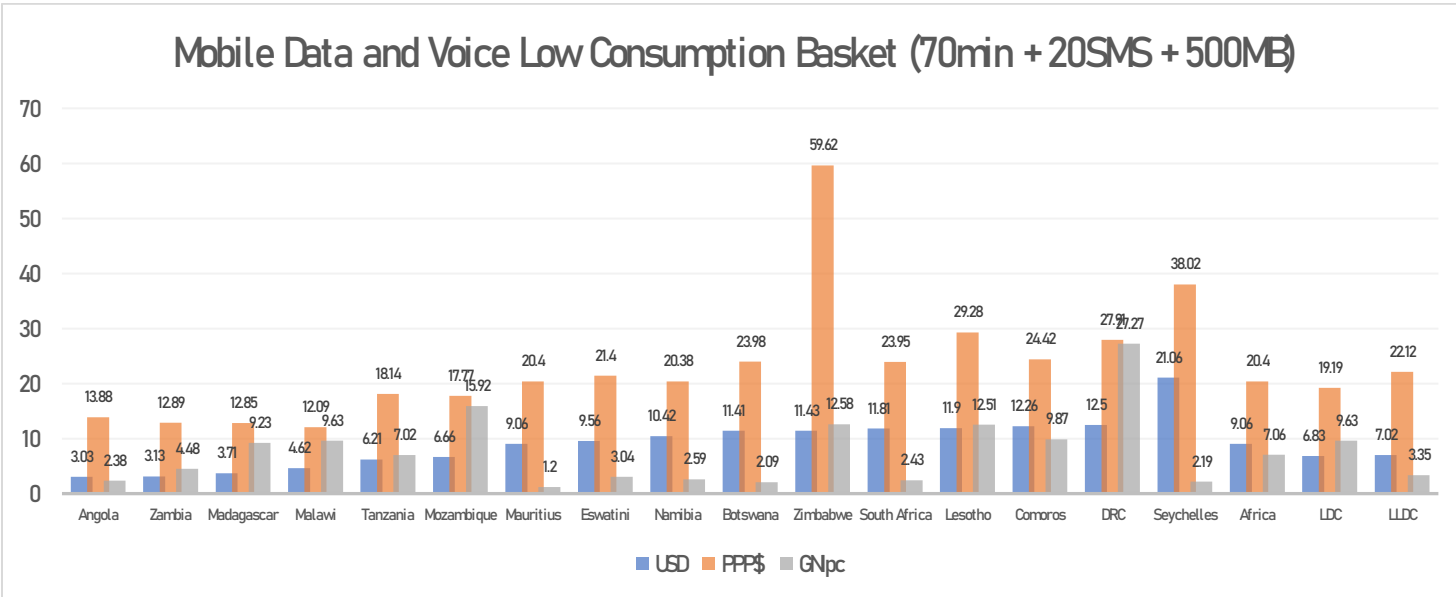
Figure 2.4: Mobile Data and Voice High Consumption Basket

Source: ITU, 2021

**2.5. Mobile Data and Voice Low Consumption Basket (70 Min + 20 SMS + 500 MB)**

The mobile data and voice high consumption basket is based on monthly data usage of a minimum of 500 MB of data, 70 voice minutes, and 20 SMSs. The cost of the additional bytes is added to the basket for plans that limit the monthly amount of data transferred by including data volume caps below 500MB. The minimum speed of a broadband connection is 256 kbit/s, relying on 3G technologies or above.

In this basket, as shown in figure 2.5, Malawi ranked 4<sup>th</sup> with a price basket of 4.62 USD with the cheapest being Angola with a price basket of 3.03 USD. Malawi’s price basket was lower than the average For Africa, LDC, and LLDC. In terms of the affordability target, Malawi did not meet the 2% target just like most other SADC countries except Mauritius.



2.5. Mobile Data and Voice Low Consumption Basket

Source: ITU, 2021

### **3.0. Conclusion**

Despite Malawi being Countries with a lower cost on most of the ICT baskets it still does not meet the affordable target of 2% of GNIpc which makes the service unaffordable to most citizens. Affordability remains an issue in most SADC Countries as only a few were able to meet the target.

Of the 18 economies where mobile broadband Internet access costs more than 10 percent of GNI per capita, 16 were LDCs, including Malawi. Only 4 LDCs – Bangladesh, Bhutan, Myanmar, and the Republic of Nepal met the broadband target in 2021.