



Dynamics of Broadband in the MENA Region: A Review of Key Indicators

Broadband is a key driver behind the growth of economies and the development of nations. The notion of 'Global Society' can only become possible with the spread of broadband which provides the ability to disseminate and exchange information over a wider audience. Nations are steadily recognising the importance of broadband, and forward-looking regimes have played instrumental roles in fostering its development to the extent of providing subsidies or owning infrastructure, against the tide of free-market and non-intervention. Progress in the MENA region varies and has been primarily restricted by hesitant or weak regulations, shortage of investment in infrastructure, or simply complete lack of 'genuine' interest or even understanding of liberalisation. This article reviews broadband drivers in the MENA region in comparison to countries with more developed infrastructure.

Broadband Growth

Despite the economic turmoil of 2008, take-up rates of broadband services continue to increase around the world. Penetration averages 7% worldwide, while household penetration is 30% rising from 24% a year before. Yearly growth of broadband penetration averages 12% worldwide with a higher rate in APAC (3.5%) than in EMEA (at around 2%). The world's user base approached half-a-billion in 2009, highest in Western Europe and lowest in the MENA region. Aside from China and the US leading in terms of total number of subscribers at over 80M, South East Asia and Europe regions come second, while the MENA region lags far behind in absolute numbers.

Broadband Indicators

Key indicators reflect on government efforts to increase connectivity and to promote competition and investment. Specifically these are: Penetration Rate (subscribers/population or /household), Prices (average monthly charge and ARPU), Services & Speeds (in kbps or Mbps), choice and competition. Overall, it is found that developed countries with well developed fixed networks or/and fiber/cable networks have relatively higher broadband penetration rates.

In MENA countries, penetration against GDP per capita is shown in Figure 1 with a good correlation of 0.8. For nations with a smaller population and size, particularly GCC countries

such as UAE, Qatar, and Bahrain, penetration is higher due to ease of coverage for limited rural areas and smaller geography, hence less cost.

Service Pricing

Pricing of services is a key factor in the take-up of broadband and this is a function of availability and price of wholesale bandwidth as well as levels of competition, both a direct result of liberalization. Unbundling in various degrees in Saudi Arabia, Lebanon and Jordan is a key factor in reducing price as it introduces competition at the telecommunication exchange. However, this growth has been restricted by incumbent unfair practices, which is clearly the case in a number of countries today including Lebanon.

As broadband penetration increases, connection speeds increase while charges are reduced. In most countries, broadband is becoming affordable, with subscriptions at around 2.5% of GDP per capita. ARPU/GDPc for selected countries including MENA countries are presented in Figure 2. Although, it widely varies and is a function of connection speed, volume usage, wholesale capacity pricing and other factors, it presents an indication of the cost of internet access and typically what a user is expected to pay.

International Connectivity Availability and Price

As in any other trade, internet connectivity is a wholesale



