

PRESS RELEASE

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3 Billion People have No Internet Access: Why Teaching Programs Work Better than Subsidies - EPOS Economic Research Center reports

Bonn, Mannheim, Germany, 12.09.2023 – **The United Nations aims to provide every person with access to the internet by 2030 in line with Sustainable Development Goals. Yet, about 3 billion people are still totally offline today. New EPOS research on how to bridge the digital divide in Colombia shows that internet literacy plans work best in poor neighborhoods – doubling internet access. This research result is published by the EPOS Economic Research Center of the Universities of Bonn and Mannheim in the discussion paper “Internet (Power) to the People: How to Bridge the Digital Divide”.**

“Our results show that non-price policy tools aimed at internet diffusion are more vital than pricing subsidies for the poorest, less-internet savvy consumers,” says author Michelle Sovinsky of the EPOS Economic Research Center. “For policymakers this means: A policy targeted at providing both, more internet plans to choose from as well as internet literacy programs to increase diffusion in the neighborhood, is most effective at closing the digital divide. This holds true for markets with the poorest populations and in markets with the lowest connection rates. Such a policy combination may be more costly in the short-run, but will pay off in the long-run. Our findings are particularly salient for developing countries.”

Connecting 75% of the world to broadband

Access to the internet has a direct impact on, for instance, education, timely health information and resource distribution. To that end, UNESCO and the International Telecommunication Union have a joint target of connecting 75 percent of the world’s population to broadband by 2025. However, finding effective solutions to bridge the divide is a prominent challenge for policymakers and evidence on the effectiveness of interventions in developing countries has so far been scarce.

Novelty approach: Social network effect

The new paper takes the impact of a pricing subsidy in Colombia, implemented between 2012 and 2015, as an example. The subsidy took the form of a reduction in monthly fees for fixed-line internet plans with a broadband connection. The novelty of the EPOS Paper is that the rate of internet diffusion in the neighborhood is measured and compared to the effects of the price subsidy and the increase of choices available to consumers. “Our model incorporates the influence that your neighbors’ connection may have on your take-up decisions,” says Sovinsky. “Apparently, more people go online when they see the benefits in their local area or receive recommendations in their social network.”

Higher productivity due to internet access

The provision of affordable access to information and telecommunication technologies is a fundamental priority mandated by the United Nations and has been shown to lead to increased productivity as well as higher educational outcomes and stimulates economic activity.

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The presented discussion paper is a publication without peer review of the Collaborative Research Center Transregio 224 EPoS. Access the full discussion paper here: <https://www.crctr224.de/research/discussion-papers/archive/dp461>

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The Collaborative Research Center (CRC) Transregio 224 EPoS

Established in 2018, [the Collaborative Research Center Transregio 224 EPoS](https://www.crctr224.de), a cooperation of the universities Bonn and Mannheim, is a long-term research institution funded by the German Research Foundation (Deutsche Forschungsgemeinschaft, DFG). EPoS addresses three key societal challenges: how to promote equality of opportunity; how to regulate markets in light of the internationalization and digitalization of economic activity; and how to safeguard the stability of the financial system.

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