



Impact Case Study:

Affordable Connectivity & Technology

December 2024

About Channel

Channel Capital Advisors LLP is the FCA authorised and regulated unit of Channel Digital Holdings Ltd. a London based firm using technology to fund the specialty finance and innovation sectors.

Founded: 2007

Location: London, UK

Funds: Open pooled funds, SMAs and co-investment mandates

Share class: Traditional and Sharia compliant certificates

Volume: \$25 billion of financing

Website:

www.channelcapital.io

Affordable Connectivity Program

Following the COVID-19 pandemic period, a series of initiatives were launched in the USA to support families to embrace digital products, including the Affordable Connectivity Program (ACP). This program provides funding for the provision of wireless internet services to US households but does so in an ethically and socially minded manner.

ACP was announced in conjunction with the bipartisan Infrastructure Investment and Jobs Act to provide funding for low-income households and subsidies on tribal lands.

It includes financial support for monthly internet bills at the individual and family level and one-time discounts for hardware including laptops and tablets sold by ACP plan participants, as well as high-speed internet or fibre service. Channel will continue to develop its ESG and Impact agenda via technology and origination partners.



Credit: Kazi Alam, 2023

1. At a glance (source: K Alam, 2023)

13m US households signed up for the ACP program

75m Americans lack broadband

2. The Challenge

The ACP was paused in 2024 with politicians unable to agree on its extension to the millions of US households served and caught up in political stalemate. Did the ACP program meet its stated objectives, namely, to promote fixed broadband adoption among low-income US households and increase the knowledge of digital resources for Americans?

1. K Alam (2023)
2. The Annenberg School, USC (2024)
3. Pew (September 2024)

3. Outcome and Impact

Outcome – Researchers² empirically analysed the program and the satisfaction of its goals. It has found that the ACP has had a statistically significant positive impact in broadband and device uptake among low-income households. The research adds that the ACP's positive "effects are surprisingly large given the context and the goals of the program".² Other qualitative findings indicate that the ACP improved access to healthcare, work, and school-based users. Many ACP recipients used their new internet connection to access medical care, land jobs, and keep up with online schooling.

Impact – Channel financed business level participants affiliated with the ACP program, as part of its ESG and Impact agenda. The impact here of the pause is arguably a negative one. Some 45% of households without broadband cite high monthly costs as a reason they remain un-connected. Others reckon that broadband provides access to telehealth service and cite Cigna Health Insurance data that indicate that the average cost savings for low acuity virtual health care declined by \$93 on average versus an in person visit.³ The same study also notes substantial impact in educational benefits with potentially some 26,000 students negatively impacted by the cessation of the program.

Channel prioritises ESG as a means to improve its collection of risk-based variables and client insights, a developing area over the past several years. We are proud to have supported this program with working capital finance while this program ran until earlier this year. Channel maps ESG data in order to contribute to its risk-based indicators. Channel also considers impact as well, that is impact upon stakeholders including our investee firms and will seek to develop Theory of Change over time in its investment activities.

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