

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	ARGENTINA/CSC - Southern Cone
▪ TC Name:	Connectivity Program for Development and Federal Competitiveness
▪ TC Number:	AR-T1321
▪ Team Leader/Members:	GARCIA ZABALLOS, ANTONIO (IFD/CMF) Team Leader; FERNANDINI PUGA, MANUEL PABLO (IFD/CMF) Alternate Team Leader; MARIBEL DALIO (IFD/CMF); IGLESIAS RODRIGUEZ, ENRIQUE (IFD/CMF); SA CHAN HONG (IFD/CMF); JEE SOO JHUN (IFD/CMF); CASALINO FRANCISKOVIC, JUAN MANUEL (LEG/SGO); CASTELLO, ROMINA ALEJANDRA (CSC/CAR); ANA CORALLO (IFD/CMF); MARTINEZ LOPEZ, CYNTHIA (IFD/CMF); FELICITAS CAPPELLO (IFD/CMF)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Program for the Development of the Federal Optic Network (REFEFO) - AR-L1333
▪ Date of TC Abstract:	13 Feb 2023
▪ Beneficiary:	Argentina
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK (AR-MECON-MINISTERIO DE ECONOMIA  )
▪ IDB funding requested:	US\$600,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms; Not applicable
▪ Prepared by Unit:	IFD/CMF - Connectivity Markets and Finance Division
▪ Unit of Disbursement Responsibility:	IFD/CMF - Connectivity Markets and Finance Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation ; Environmental sustainability; Gender equality

### II. Objective and Justification

- 2.1 Support the Program for the Development of the Federal Optic Network (REFEFO) and Digital Connectivity Program for the Development of Competitiveness in Argentina.
- 2.2 Argentina is behind the curve in terms of the effective use of information and communication technologies (ICT) to promote competitiveness and equity. According to the Network Readiness Index, published by the World Bank, Argentina ranks 83rd out of 130 countries in 2021. The country's underperformance in digital inclusion (i.e., the adoption of digital technologies by the population) also encompasses gender inequities and regional disparities. The population's lack of digital skills is partly the result of the lack of digital tools and deficiencies in initial training. Technology adoption is slow, and several productive sectors have yet to make use of

digitalization processes to boost their levels of innovation, productivity, and competitiveness. This deficit in the effective use of digital tools has been highlighted during the COVID-19 crisis, in which only 37% of companies have been able to use teleworking to continue operating during mandatory lockdown. In 2018, only 34% of Argentine companies planned to introduce Industry 4.0 technologies within the next five years, compared with more than 70% in Germany and France. Weaknesses can also be seen in companies' effective use of these technologies once they have been adopted. According to the Report from the World Economic Forum (2019), Argentina places 68th position out of 141 countries under the ICT adoption pillar. Especially, sectors with high potential to benefit from the digital transformation include the industries (agricultural, agri-tech, and mining) and the distribution chain sector. In this context, the use of IoT and 5G could be a useful tool for responding to the demand for traceability and management. The main causes of these problems are: (i) Costly and the deficiency of the network infrastructure; (ii) outdated regulatory framework; and (iii) the lack of investment in digital infrastructure. The cost of broadband is similar to that in other countries, but speeds are less than half. These differences increase when average speeds are compared across the provinces. To overcome these problems and head for a bright future, digitalization of government and private sector is critical for improving State efficiency. Especially, closing the country's digital gaps is a necessary condition for productive transformation to make the country competitive at the global level, particularly in the context of the COVID-19 pandemic.

### III. Description of Activities and Outputs

- 3.1 **Component I: Component 1: Connectivity.** . The objective of this component is to identify REFEFO infrastructures and connectivity status in 258 localities, 13 border crossings (mentioned in AR-L1333) and equipment for a greater storage capacity in ARSAT (Empresa Argentina de Soluciones Satelitales S.A.) National Data Center and prioritize those areas to be connected.
- 3.2 **Component II: Component 2: Analysis.** . The objective of this component is to identify and analyze the situation and the surroundings of the current Argentina broadband and how to apply in industries.
- 3.3 **Component III: Component 3: Lessons associated with Korea..** The objective of this component is to study the best practices, policies and strategies of Korea
- 3.4 **Component IV: Component 4: Proposal of application and capacity building.** . This component will finance the developing specific application item such as IoT for farming and mining and the preparation of training contents to educate personals for operation and management of the related businesses.

### IV. Budget

#### Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1: Connectivity.	US\$100,000.00	US\$0.00	US\$100,000.00
Component 2: Analysis.	US\$350,000.00	US\$0.00	US\$350,000.00
Component 3: Lessons associated with Korea.	US\$100,000.00	US\$0.00	US\$100,000.00
Component 4: Proposal of application and capacity building.	US\$50,000.00	US\$0.00	US\$50,000.00
<b>Total</b>	<b>US\$600,000.00</b>	<b>US\$0.00</b>	<b>US\$600,000.00</b>

## **V. Executing Agency and Execution Structure**

### **5.1 IFD/CMF**

- 5.2 Given the participation of different institutions (sector ministries, regulatory authorities, presidential offices), the private sector, and civil society, the executing agency will be the Bank through the Connectivity, Markets, and Finance Division (IFD/CMF). The justification for this execution structure is: (i) the beneficiary countries requested the Bank to be the executing agency due to the technical difficulties related to the Project, (ii) given that there are other regional institutions interested in supporting the project, assigning the execution one of them as a coordinating entity could create conflict with the others, (iii) additionally, and given that the project is designed, it includes three different areas: investment in infrastructure for the connectivity of homes and public places, increase in the digitization of procedures and review of the institutional framework and the regulatory framework implies the need to interact with different areas both in the countries and in the Bank.

## **VI. Project Risks and Issues**

- 6.1 This project entails two risks that could potentially affect the project: (i) the lack of coordination necessary to make the Latin American countries collaborate with one another; and (ii) the lack of expertise to deal with the large business like the deployment of infrastructure beyond national borders. The first risk will be mitigated by utilizing regional organizations () to facilitate preliminary dialogue and further cooperation among the countries. The second risk will be reduced the cooperation between the Bank, and renowned international institutions which could provide specific support, knowledge, and training throughout the execution of the project, for instance Korean Institutions.

## **VII. Environmental and Social Classification**

- 7.1 The ESG classification for this operation is "undefined".