

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/CID - Isthmus & DR
▪ TC Name:	Improving the Central America-Korea Connectivity
▪ TC Number:	RG-T3250
▪ Team Leader/Members:	GARCIA ZABALLOS, ANTONIO (IFD/CMF) Team Leader; IGLESIAS RODRIGUEZ, ENRIQUE (IFD/CMF); INFANTE BARBOSA, IRASEMA (CID/CID); NAM, SUK (IFD/CMF); BERNEDO, CECILIA (IFD/CMF); SANMARTIN BAEZ, ALVARO LUIS (LEG/SGO); CARDOZO, SILVANA (IFD/CMF)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	21 Jun 2018
▪ Beneficiary:	CID
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 500,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms; Individuals
▪ Prepared by Unit:	Connectivity Markets and Finance Division
▪ Unit of Disbursement Responsibility:	Institutions for Development
▪ 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; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The general objective of the Technical Cooperation (TC) is to conduct feasibility studies to support future investment in the deployment of a submarine cable to improve the interconnection among the Central American Region and Korea. Particularly, this feasibility studies aim to explore market (including demography), forecast demand, identify the best cable routes, design the network, prepare its specifications and develop the technical, financial, managerial and environmental studies of the network. In addition, the studies will support an assessment of the best ways that international Internet connectivity charges can be reduced from the existing levels. As one possible solution, establishing a local Internet Exchange Point (IXP), which allows content aggregation and negotiation with their international counterparts for lowering the costs, is taken into account.
- 2.2 The deployment of a submarine cable between Central America and Asia and further connection to the whole Central American region by the optical fiber ring of the REDCA could bring great advantages for the beneficiary countries and their population, by way of contributing to the improved connectivity and reduced cost. Firstly, the traffic to Asia from cities near the Pacific coast could be sent through the network directly and vice versa. Secondly, it will also allow all the main cities to access each other through the extended regional network of REDCA. In doing so, building the submarine cable is supposed to improve the integration of the region with Asia and reduce the prices of connectivity thanks to increased competition.

III. Description of Activities and Outputs

3.1 The activities that are proposed in this project are divided into three main components, which define the strategic approach of this technical cooperation: In a country by country basis, component 1 will include a socio-demographic analysis dealing with the demand and supply particularities as well as best practices related to governance and operation of submarine cables. Subsequently and based on the information gathered in the analysis, component 2 will develop a technical analysis of the existing infrastructures and the recommending technological alternatives. Finally, both inputs will be considered in the implementation of component 3, which will entail an analysis of the economic and financial feasibility of the deployment and select a governance model.

3.2 Component 1: Better understanding of market dynamics in Central American countries and Review of international best practices. The objective of this component is to conduct a market study for every country, including an analysis of the socio-demographic and economic conditions; an analysis of current supply and demand of telecommunication services; a forecast of the demand and to explore international best practices to be benchmarked in the real business.

Activity 1.1: Market study.

Activity 1.2: International best practices.

3.3 Component 2: Identify the technical considerations for deploying the submarine cable. In this component, the development of alternatives with different routes and technologies and the selection of the best solution among them will be conducted. As a consequence, the structure of the network could be presented, along with the expected social and environmental impacts.

Activity 2.1: Developing and comparing alternatives.

Activity 2.2: Selection of the most feasible and desirable option.

3.4 Component 3: Analyze the economic and financial feasibility of the deployment and select a governance model.

Activity 3.1: Economic and financial analysis.

Activity 3.2: Governance model. Activity 3.3: Recommendation for regional IXPs.

3.5 **Component I: Understanding of market dynamics in Central American countries and Review of international best practices.** Market study for every country, including an analysis of the socio-demographic and economic conditions; an analysis of current supply and demand of telecommunication services; a forecast of the demand and to explore international best practices to be benchmarked in the real business.

3.6 **Component II: Identification of the technical considerations for deploying the submarine cable.** Development of alternatives with different routes and technologies and the selection of the best solution among them will be conducted. As a consequence, the structure of the network could be presented, along with the expected social and environmental impacts.

3.7 **Component III: Economic and financial feasibility of the deployment and select a governance model.** Economic and financial study on the deployment and sustainability of the network and the services to be eventually provided.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Understanding of market dynamics in Central American countries and Review of international best practices	\$ 100,000.00	\$ 0.00	\$ 100,000.00
Identification of the technical considerations for deploying the submarine cable	\$ 300,000.00	\$ 0.00	\$ 300,000.00
Economic and financial feasibility of the deployment and select a governance model.	\$ 100,000.00	\$ 0.00	\$ 100,000.00

V. Executing Agency and Execution Structure

5.1 IFD/CMF. Bank executed

5.2 Considering the project is regional and needs extensive partnership with international organizations, the academy and private firms, the executing agency will be the IFD/CMF Division, which will operate in coordination with the Korean government, Korea Telecom, REDCA and COMTELCA. Supervision and coordination of the consultant's work will be the responsibility of Antonio García Zaballos (IFD/CMF), Team Leader, antoniogar@iadb.org, telephone (202) 623-2980. The contract with a consultant will comply with the Policies for the Selection and Contracting of Consultants Financed by the IDB (GN-2350-9).

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 six Central American countries collaborate with one another; and (ii) the lack of expertise to deal with the large business like the laying of a submarine cable. The first risk will be mitigated by utilizing regional organizations like REDCA and COMTELCA as a channel to facilitate preliminary dialogue and further cooperation among the countries. The second risk will be reduced since the IDB/CMF Division will be in charge of the project, cooperating with Korean counterparts with lots of knowledge and experience in the area.

VII. Environmental and Social Classification

7.1 The ESG classification for this operation is "C".