Honduras opportunity brief

Giga: An initiative to connect every person in the world to information, opportunity and choice
“We should all be aware that COVID-19 is going to change people’s lives a lot, we don’t know how, although one thing is known, and that is that life is going to become digital and is already becoming much more digital.”

- Eduardo Almeida, representative of the Inter-American Development Bank (IDB) in Honduras
Honduras has expanded 4G coverage and use, but ambitious national broadband goals set in 2013 have not yet been met

Progress towards expanded coverage has lagged the targets set out in the National Digital Agenda 2014-2018. The GoH is redoubling efforts toward digitization in light of COVID-19

There has been some progress towards that goal, but recent education policies and initiatives around COVID-19 have emphasised the need to progress more quickly:

- **National Digital Agenda 2014-2018**: aims to reduce the digital divide, promote efficient government, and develop a digital economy in line with the Honduras Vision 2010-2038. The strategy contains four strategic axes: (1) internet penetration through equity in access; (2) digital government initiatives; (3) ICT training and education at all levels; and (4) legislative and institutional framework for ICT development.

- **Strategic Plan for the Education Sector 2018-2030**: aims to equip Honduran learners with equitable, quality education that allows them to effectively participate in a modern economy. It acknowledges the need to expand internet access (and electrification to support connectivity), teacher training, and ultimately student digital literacy efforts.

- **We want you studying at home – COVID-19 policy**: aims to enable Honduran learners to study at home while classes are suspended. Utilizing virtual classes and interactive workbooks using primarily mobile devices. Additional content will be recorded and broadcast on the radio and will then be available for download on virtual portals.

- **Legislative Decree 60-2020**: ensures use of the internet for educational purposes will be free for the current school year and during specific emergency circumstances such as COVID-19 for children, young people and other apprentices, as well as teachers from the public sector.

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*Country Vision 2010-2038: aims to improve Honduras’ economy and standing in the Global Competitive Index by reducing poverty, improving the democratic process, ensuring safety, increasing employment, protecting natural resources, creating more efficient governance including through the introduction of broader digitization initiatives.*

The Goal

National Coverage and Connectivity

Honduras has added to its national fiber backbone to just over 2,000 km, with 70% of the population living within a 25km range of the network. Although many communities are now covered by 4G, a large portion of the population remains unconnected (68%). Growth in mobile and fixed subscriptions lags network expansion.

Source: Map - ITU Broadband Map; Table - ITU (2020) World Telecommunication/ICT Indicators Database, Dalberg analysis

<table>
<thead>
<tr>
<th>Subscriptions per 100 inhabitants</th>
<th>Mobile</th>
<th>Fixed</th>
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</thead>
<tbody>
<tr>
<td>5-year CAGR</td>
<td>28</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>+13%</td>
<td>+18%</td>
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Addressing the usage gap is key to bridging the digital divide, and will be driven by efforts to increase affordability and digital literacy.

The mobile internet coverage and usage gap

- **21.1%** COVERAGE GAP (no mobile internet)
- **40.7%** USAGE GAP (covered but not connected)
- **38.2%** Connected to the mobile internet

**Increase coverage**

+2.1M Hondurans not covered by mobile broadband
Coverage gaps are most severe for the 42% of the population living in rural areas.

**Increase affordability**

2m Hondurans to gain access to power
79% of population electrified, dropping to 70% in rural areas.

Reduce data cost by 7.27 USD/GB (-65%)
On average, Hondurans pay nearly 6% of monthly income for a gigabyte. The cost is even higher for many Hondurans; 48% live below the national poverty line, rising to 60% in rural areas.

**Increase electrification**

Increase formal employment and associated incomes
58% of jobs are in the informal sector, with an average 150% gap in earnings to formal wage workers. Half of Honduran businesses cite low skills as the main barrier to hiring.

**Increase digital literacy**

High overall levels of youth literacy (97%) provides a base to build digital literacy. However, low net enrollment in secondary education means limited access to advanced ICT training.

Increase formal employment and associated incomes
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**Close the digital divide**

Notes: Prices based on ITU Data only mobile broadband basket 1.5GB, pro-rated down to 1GB for comparison against the Broadband Commission’s 2% target.
Sources: Dalberg analysis; ITU (2020) World Telecommunication/ICT Indicators Database; Broadband Commission; World Bank, Jobs Diagnostic Honduras (DB); Encuesta Productividad y Formación de Recursos Humanos en Establecimientos (EPFRH, BID).
The Giga Solution

School Coverage and Connectivity

More than 80% (9,100) of Honduran primary schools currently lack access to the internet. Data on internet connectivity is currently unavailable to the 6,100 secondary schools in Honduras. Based on connectivity figures in the larger population, an estimated 4,200 secondary schools also remain unconnected.

Map of school locations and proportion connected to the internet

45% of Honduran schools lack access to electricity

Connected

Limited or no connectivity

Primary

Secondary*
Schools present an opportunity to target investment, reach unconnected communities, and create economic growth.

Universal expansion to all schools provides a gateway to community connectivity.

**Target schools**
- Estimated primary and secondary schools targeted for improved connectivity: 16,445

**Broadband users**
- 1.8M Students & teachers
- 4.9M Local community members

**Economic impact**
- +1.3 billion (2.3%) GDP growth
- Estimated rise in domestic production from new broadband connections

Notes:
1. Estimation uses national mobile penetration rates as a proxy for secondary school connectivity. Accurate numbers will be added pending Giga mapping.
2. Economic impact calculation assumes that school connectivity is comparable to gaining access to a fixed-line connection in a middle/lower income country in terms of reliability, bandwidth, use etc. Assumes middle income fixed broadband which is a conservative assumption when compared to low-income mobile broadband. This estimate does not take into account the unique circumstances of COVID-19, and is based on stable economic growth in middle/lower-income countries.

Giga has started to engage with the Government of Honduras

**Key Stakeholders:** La Secretaría de Educación (SEDUC), Dirección General de Construcciones Escolares y Bienes Inmuebles (DGCE), Secretario de Gobierno Digital, Comisión Nacional de Telecomunicaciones (CONATEL)

- High level buy in from Government including the establishing of a focal point in SEDUC and Secretario de Gobierno Digital
- Completion of an upfront assessment to align on opportunities and constraints
- Engagement with IDB to align on shared vision and objectives
In partnership with the GoH, Giga has identified the following activities to support the cost-effective connection of 16,445 schools

Map
A. Expand Project Connect mapping to identify connectivity vs coverage in order to articulate needs and refine the business case and investment opportunity
B. Use Project Connect mapping to monitor real time connectivity and ensure project sustainability and accountability

Connect
A. Work with Government to refine the government’s school connectivity strategy based on benchmarks and set targets for connectivity in the coming years
B. Work with partners to take advantage of potential regulatory opportunities (particularly around child online protection, intellectual property and data protection laws) to safeguard users
C. Survey the landscape of implementation options to identify appropriate last mile connectivity cases for schools

Finance
A. Provide technical assistance on the development of performance contracts/results-based financing impact bond models for connectivity that can become best practices in the sector
B. Mobilize funding to connect 16,445 schools that currently lack connectivity
C. Work with the government to prepare procurement lots for school connections to ISPs and MNOs
D. Provide technical assistance to USF committee on best practices for the efficient and cost-effective deployment of funds towards school connectivity

Empower
A. Support the Covid-19 response program and deploying existing DPGs and leveraging best practice from other countries
B. Identify Honduran DPG solutions to scale in other Giga countries particularly those in the region and vice versa
C. Strengthen the entrepreneurial ecosystem to build a pipeline of locally developed digital public services and goods
D. Work with existing accelerator programs (for example ‘Honduras Startup’) and ecosystem actors to build capacity around DPGs
E. Leverage and scale solutions that go beyond learning and skills building
F. Work with GOH to put in place processes to strengthen accountability and ensure good governance