Chile's Broadband Strategy to Foster Economic and Social Development

"The Cisco study 'Broadband Connectivity in Chile,' which compares Chile to countries such as South Korea, Finland, and the Netherlands that have adopted best practices in broadband use, suggests a set of initiatives that will enable Chile to improve broadband connectivity in two years, taking into account strategic vision, regulatory framework, factors fostering adoption, and financial incentives. The proposal enriches the debate and invites discussion, allowing us to be more effective in overcoming lingering challenges."

—Jean-Jaques Duhart, secretary of economy, Chile

In Brief

Chile is a prime example of development in Latin America, and broadband usage is no exception. Chile, however, has a long way to go compared to more developed countries. Broadband penetration rate per household was 23 percent (or 1 million) in 2007, according to analysis from The Information Technology & Innovation Foundation and Cisco Internet Business Solutions Group (IBSG). This figure is more accurate than the simple ratio of broadband lines for the total population, which does not take into account the average number of people per household sharing access connections. While Chile presents the highest rate of broadband penetration in households in Latin American countries, it falls behind nations that have adopted best practices: the average price of broadband access in Chile is relatively high and the average speed is low; the broadband services market is not very competitive, with Telefónica and VTR Globalcom dominating; competition has increased with the deployment of WiMax by Telmex; and the regulatory framework, while good in terms of market liberalization, is still based on distinct industry and preconvergence networks.

Customer

Chile

Industry

Government

Challenges

- Define a set of government initiatives designed to:
  - Boost broadband penetration within the country, aiming for 2.2 million residential connections by 2012
  - Foster Internet use for social and economic development

Solutions

- To identify potential initiatives for a national broadband program, we analyzed a set of best practices based on select countries. Several government initiatives were also selected

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from both a demand and supply perspective for further consideration. These initiatives fall into four categories:

- **Envision and deliver:** Develop a long-term vision and strategy to foster broadband in Chile.
- **Stimulate:** Promote broadband adoption, usage, and literacy; aggregate public sector demand to make service-deployment projects viable business cases.
- **Regulate:** Create a regulatory framework that fosters competition, promotes investment, ensures efficient allocation of the telecommunications spectrum, and addresses market failures effectively.
- **Coinvest or subsidize:** Use direct capital expenditure to build infrastructure; implement public-private partnerships; subsidize access to remote areas, low-income people, schools; and more.

Next Steps

- The initiatives have been prioritized; Cisco will now participate in planning and implementing the initiatives to support government stakeholders and possibly replicate successful best practices of other countries.
- Tourism and wine are two industries that present great opportunities for information and communications technology (ICT), and collaboration is one quick-win application for streamlining these industries' business chains.

Projected Results / Benefits

- In April 2008, after an initial set of initiatives was determined and prioritized, the Chilean government published its official strategy, outlining a series of initiatives—from deploying broadband to rural areas, to fostering ICT usage, to improving competition among small and medium-sized businesses.
- This clear, strategic vision, along with centralized coordination, will help Chile grow its economy, create jobs, and increase competition globally. Cisco will continue to help the Chilean government realize this vision.

Best Practices / Lessons Learned

- Collaboration is key

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