DIGITAL LATAM
by Access Partnership

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In this edition of Digital Latam, the first to be published in both English and Spanish, Access Partnership's senior advisors take an in-depth look at the latest digital developments in Latin America; Fernando Borjón explores Mexico's government ICT initiatives and digital strategy, Héctor Huici dissects relevant developments from Argentina's first quarter and Allan Ruiz gives his take on one of the most thought-provoking consequences of the Covid-19 pandemic: digital nomads.

Also, our Emerging Markets Principal, Christopher Casarrubias, analyses the progress of Wi-Fi 6 in Mexico and across the region. Meanwhile, our specialists explore the current status of digital transformation policies in Latin America.

As always, our leading team of ICT specialists focused on Latin American developments will tell you everything (or almost everything) you need to know. If you have any further questions, please do not hesitate to contact us.

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ICT policy in Mexico, between congress and the absence of a digital strategy

By Fernando Borjón.
*Senior Adviser
for Latin America.
Former IFT
Commissioner.*

A CONTEXT OF CONFLICT

"*Between the rule law and justice, a transformer, a liberator, a revolutionary chooses justice [...] Conservatism chooses the rule of law; the liberator – and we are part of a transforming movement – chooses justice, for happiness and for what is necessary*."

These were the words of Deputy Ignacio Mier Velazco, leader of Morena, the ruling party, in the Mexican Chamber of Deputies, during the debate in which a reform to the Organic Law of the Judicial Power of the Federation was approved, illustrating the state of the Mexican politics. In recent months, Morena has pushed strongly to impose its legislative agenda, which in turn, backs its political projects. In the upcoming elections on June 6, the entire Chamber of Deputies will be renewed, and Morena's push has led to a state of political distress.
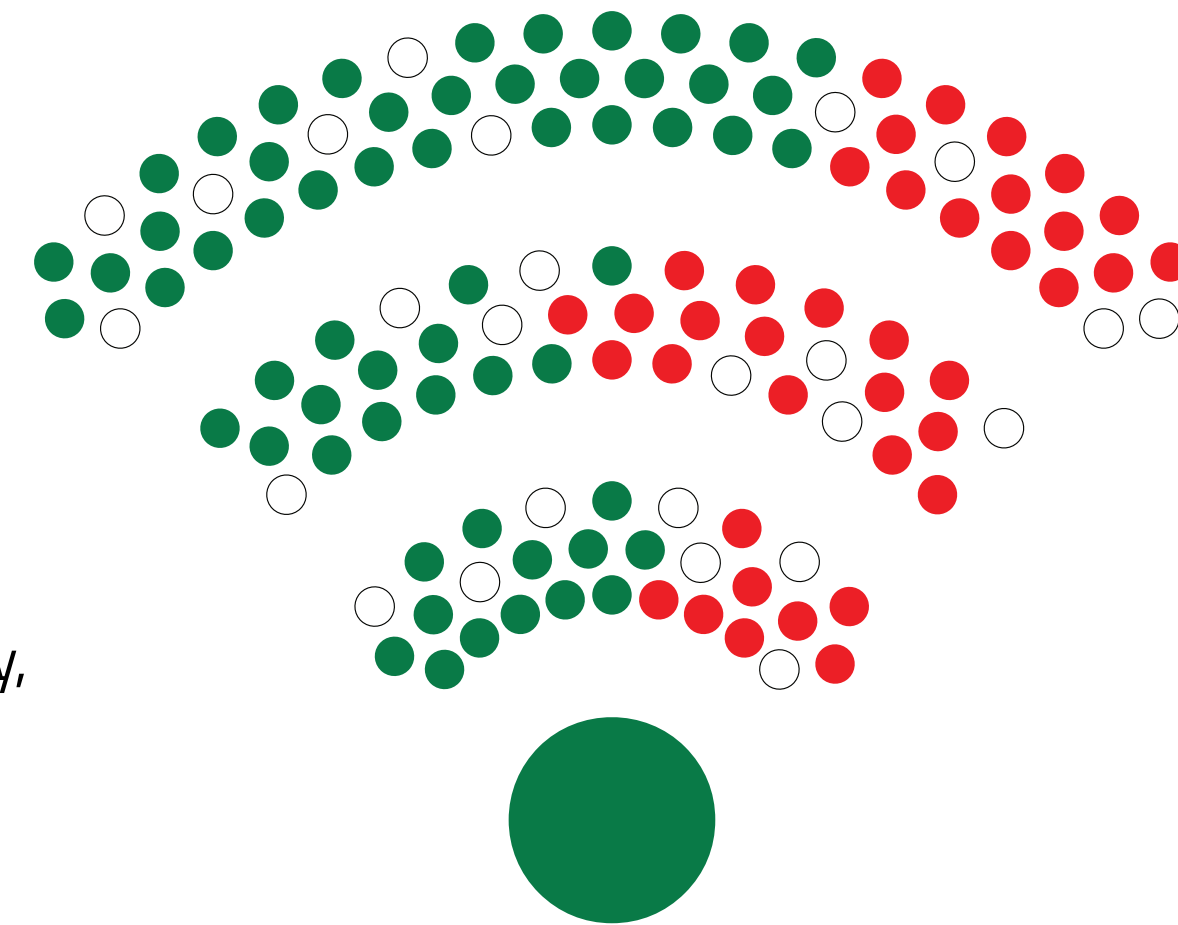
A COMPLEX SCENARIO FOR ICTS

In this complex context, it is necessary to point out that digital transformation has not been a priority for the government. Its focus on the sector is largely limited to the *Internet para Todos* program, which seeks to improve connectivity in rural areas, especially for

populations with less than 250 inhabitants, but this alone will not be enough for the country to develop digitally.

Having a National Digital Strategy is essential to coordinate efforts, foster dialogue within the digital ecosystem and take advantage of the benefits that ICTs offer, especially to boost economic growth in a post-pandemic context. However, the Executive branch, which would be responsible for issuing a National Digital Strategy, relegated this issue to a low priority. Aggravating the problem, the government unit who could have worked on the Strategy, the Communications Undersecretariat, was eliminated for budgetary reasons. The Federal Telecommunications Institute (IFT) has filled the gap, where it could, to promote the importance of policies for technology adoption. For instance, it is currently attempting to promote actions in conjunction with the automotive industry to
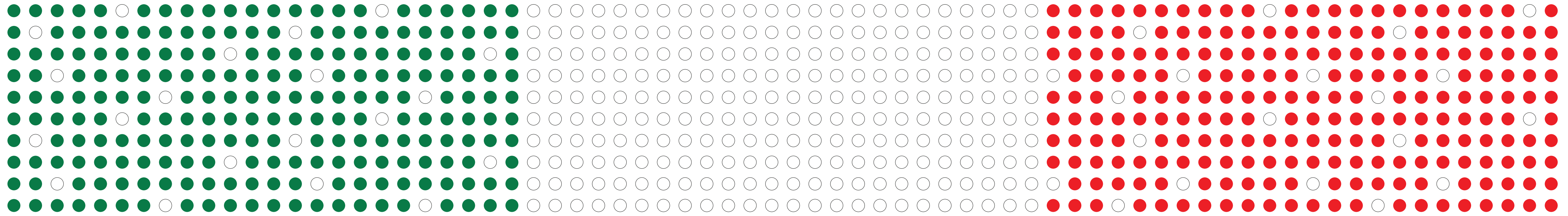
"What is certain is that technology can only drive the development of the country in an environment that fosters investment and innovation.

develop 5G, smart mobility and connected cars, favouring a flexible regulatory environment that encourages the adoption and use of technology. However, the initiative is not supported by the federal government, leaving the regulator without additional funds to move forward.

In fact, financing is increasingly limited for the IFT, a control tool available to President López Obrador through Morena in the legislative; the president argues that autonomous agencies represent high fiscal costs for the country.

LEGISLATIVE REACTIONS
In the absence of a National Digital Strategy, and a vacuum of public policy initiatives from the Executive Branch, Congress is promoting bills to address urgent issues such as the regulation of digital markets, cybersecurity and protection of personal data. Several initiatives presented in recent months will be analysed during the next legislative period that begins in September.

By then, the June elections will be decided and Morena is likely to obtain a parliamentary majority.

How the governing party will manage that situation, and what decisions it will make regarding digital topics, are still unknown.

What is certain is that technology can only drive the development of the country in an environment that fosters investment and innovation. New laws and regulations affecting the ICT sector in Mexico should always keep this in mind, looking beyond the peaks and troughs of local politics.

A broad agenda beyond the price of telecommunications services

By Héctor Huici.
Senior Adviser, South Cone. Former ICT Secretary of Argentina.

Many initiatives introduced by the Argentine government during the first quarter of 2021 have been overshadowed by an emerging discussion around the prices of Internet, cable and telephone services, which have been regulated by the government since August 2020 and frozen since March. Fixed prices in a context of high inflation have an influence on investment decisions and can affect future plans.

Although increases in the monthly costs of some services have been allowed since January, this was introduced without objective criteria set in advance. ENACOM promised to establish a formula and give periodicity to the adjustments, which would make them more predictable. At this time, the proposal is still being studied by the Cabinet Minister Chief. Recently, the courts issued a precautionary measure, suspending the regulations that were originally implemented to freeze and regulate the prices for six months. Although the measure will initially only benefit one operator (Telecom), it is expected to impact the entire market. Simultaneously, and away from the spotlight, many other initiatives are currently moving forward.

SOME ADVANCES
In February, the consultation on WIFI 6E concluded, which proposes to allocate spectrum in the 6 GHz band to achieve faster wireless speeds and lower latencies in the use of Wi-Fi. A decision by the Deputy Secretariat for Information and Communication Technologies (Subsetic) is expected in the coming weeks, which, following the regional trend, should enable additional use of spectrum for Wi-Fi.

At the same time, ENACOM is working on a new spectrum management regulation, while Subsetic has promised a multi-year spectrum plan for this semester that will include a road map for 5G, an area where Argentina is lagging behind other countries in the region.

CLOUD, CYBERSECURITY AND IOT
Work meetings of the National Cybersecurity

Committee have begun, for now, with the participation of public agencies only. The document on a national cybersecurity strategy and policy promised in December has not yet been published, and there are doubts as to when the industry will be invited to join the conversation, something that would be important to achieve adequate public policies.

A public consultation has also been held on the public sector's migration to the "cloud", which would be facilitated by the data center of the state company ARSAT. On this topic, it will be important to see how private providers will be included in the final contracting framework. A National IoT Committee was also established in order to articulate public-private initiatives on the matter.

PRIVACY

The position of National Director of the Agency for Access to Public Information, the national authority for the protection of personal data, remains vacant. Gustavo Fuertes, the government candidate, received multiple criticisms from civil society organizations for not being a specialist in the matter, as well as his closeness to the ruling party.
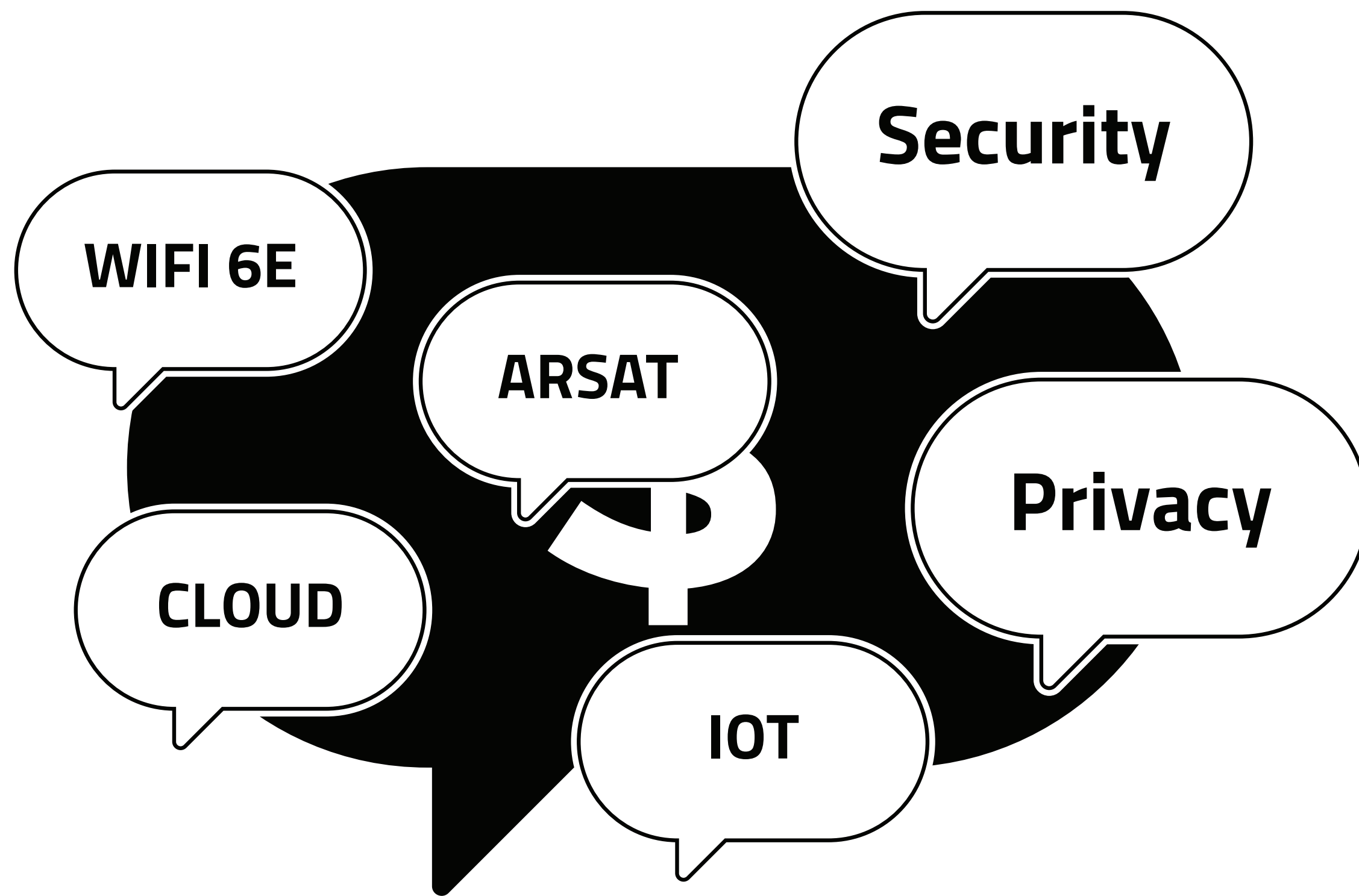
Meanwhile, adherence to the expanded Budapest Convention is progressing and the new personal data protection law awaits its treatment. Advancing these proposals would represent a move towards higher data protection standards in Argentina, which could have consequences in other countries across the region.

INTERNATIONAL SUPPORT

The government has negotiated various loans from multilateral organizations to boost connectivity and drive the development of the

However, it should be noted that the passage of significant laws is unlikely in an election year.

digital economy. CAF has committed USD 250 million for the ARSAT SG1 satellite to provide Ka band connectivity and another USD 100 million for connectivity and fab labs in the province of Santa Fe. The World Bank would contribute USD 80 million for government digitization, while the IDB has negotiated USD 100 million for ARSAT's Federal Fibre Optic Network. In a context of enormous fiscal constraints, these loans give breathing space to the country's ICT policies.

OUTLOOK FOR THE REST OF THE YEAR

Last year, due to the recession, devaluation, inflation and price freezes, there was a significant drop in private investment in connectivity. Public investment is far from compensating for the decline. Meanwhile, Argentina's progress on 5G has been delayed in comparison to other countries in the region.

Progress in all of the areas described above is possible. However, it will ultimately depend on whether the authorities can move beyond discussions on the price of services, which have constrained the discussion of public policy during the first four months of 2021.

Security

WIFI 6E

ARSAT

Privacy

CLOUD

IOT

Costa Rica welcomes Digital Nomads

Allan Ruiz.
Senior Adviser, Central America and the Caribbean. Former Executive Secretary of COMTELCA.

After more than a year of worldwide restrictions, we have experienced significant changes in how we carry out our daily activities, including the way we use our homes and personal spaces. If one thing is certain, it is that working remotely has not impacted productivity levels; instead, it has reduced costs for companies and workers alike with part of the population having the opportunity to reconcile their familial and professional lives.

In some companies, the benefits have been so significant that, for many, returning to the previous model of work has been deemed unnecessary and companies have subsequently decided that their employees should work remotely indefinitely.

This phenomenon has enabled something that was, until recently, unthinkable: employees can travel anywhere in the world and work from there, while those who have moved from rural to urban areas in search of better opportunities can now return to their places of origin. We have a name for these people: digital nomads.

IMMIGRATION AND TAX CONDITIONS

Digital nomads can benefit from this new mobility, which combines work and leisure. For many countries, an opportunity has arisen to promote tourism and contribute to economic recovery. However, to take advantage of this newfound phenomenon, adequate policies and regulations are necessary.

Costa Rica is one country which hopes to take advantage of this situation. A bill is being discussed in Congress which proposes to make migration and fiscal conditions more flexible, favouring productive chains, boosting tourism and triggering economic recovery.
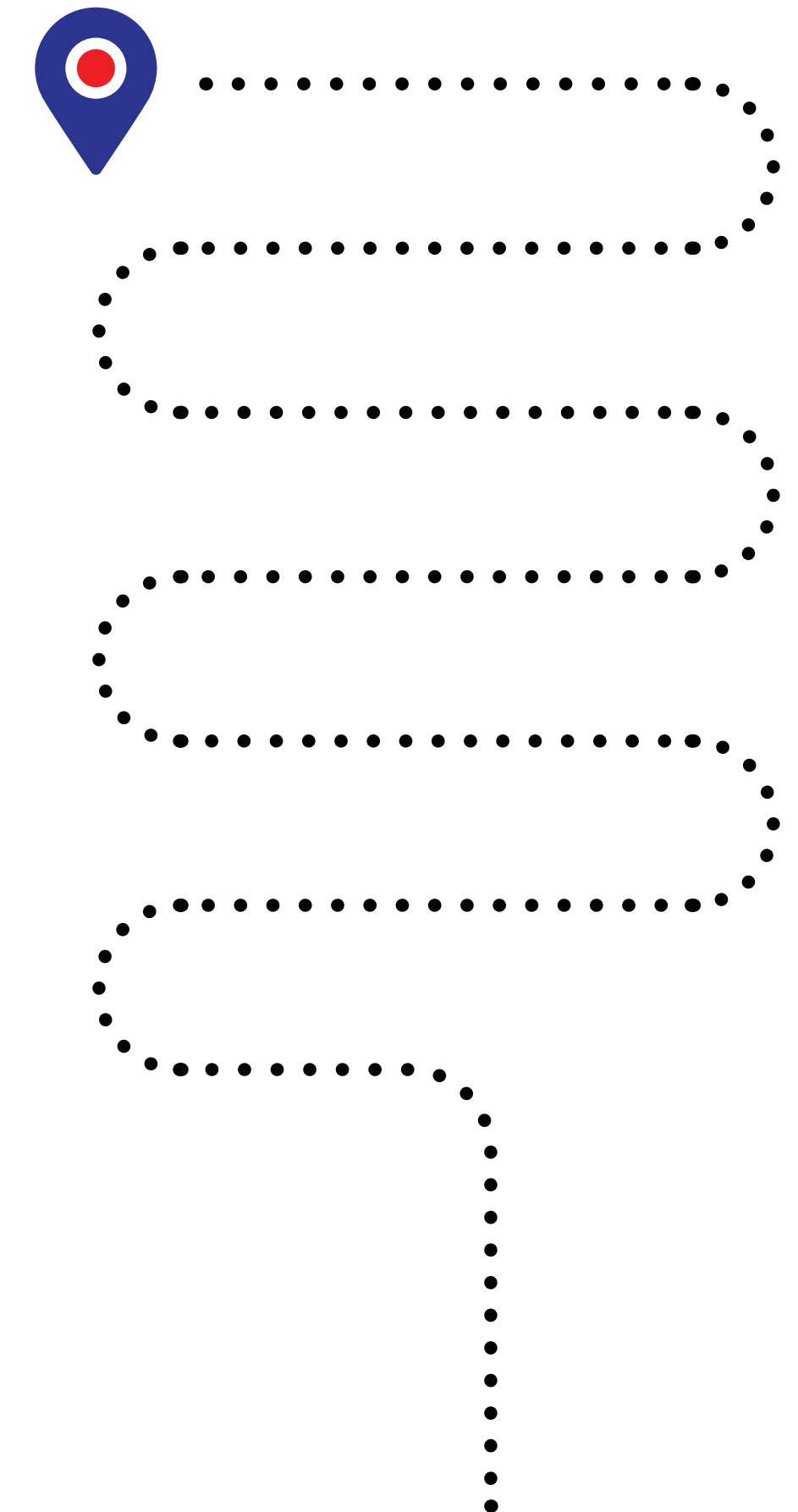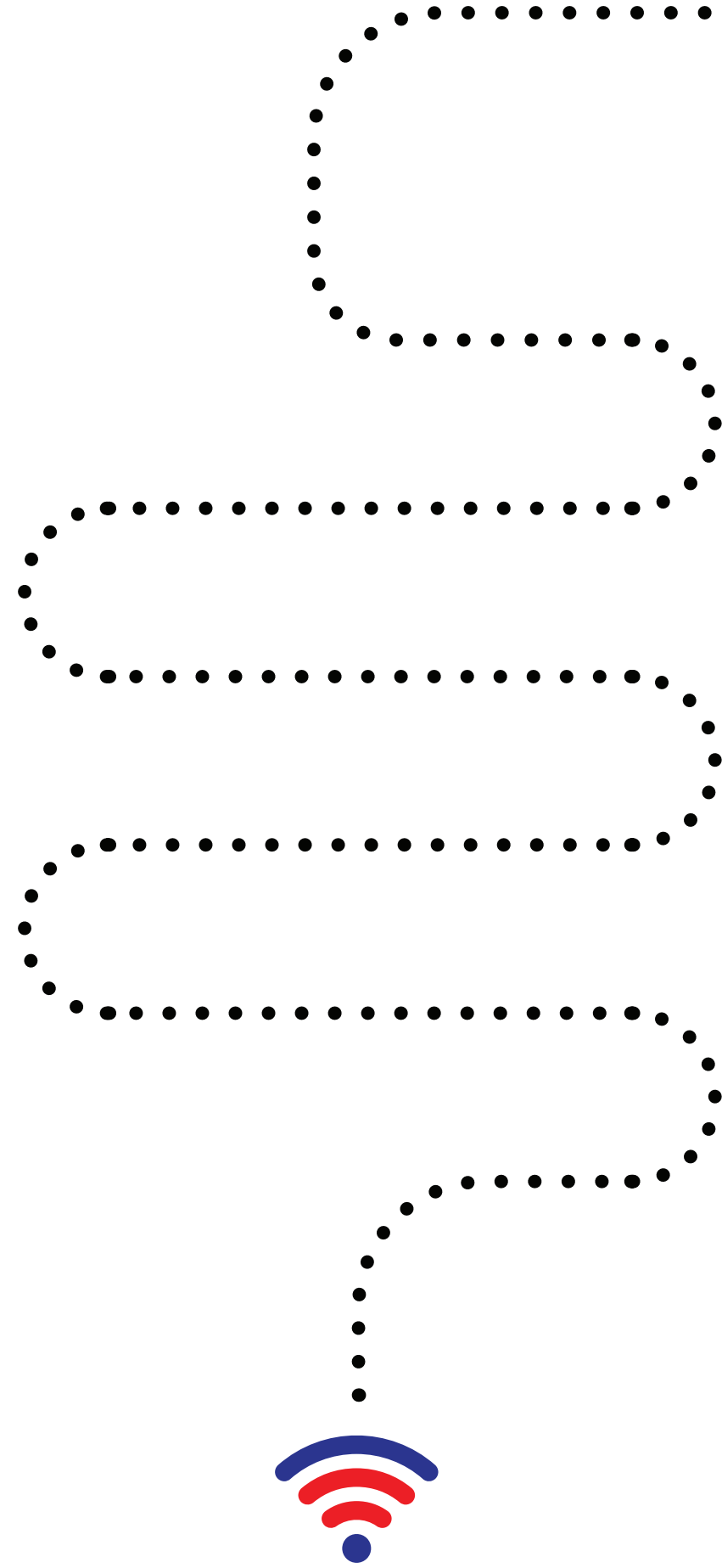
In addition to being a country with a high quality of life, Costa Rica offers natural beauty, an agreeable climate and has a robust health and social security system. The country also resides in the most productive time zones of the United States and Canada and is one of the safest destinations to travel to in Latin America.

DOMESTIC AND FOREIGN WORKERS
A fundamental element for digital nomads is connectivity; in this sense, Costa Rica offers a reasonable degree of accessibility to Internet services. However, it should be noted that many digital nomads are interested in residing in rural areas of the country, where some communities do not have the sufficient levels of connectivity required to work remotely and effectively.

While this is a major challenge, it also paves the way for many opportunities to develop the country. The situation not only affects digital nomads from other countries, but also Costa Ricans or residents who wish to relocate. It should be noted that many of the companies that operate in the country – such as Intel, Amazon, and HP – are promoting remote working to allow many workers to return to their home villages whilst boosting productivity in rural areas.

ACCELERATE COVERAGE AND SERVICE QUALITY
A bill alone is not enough to significantly attract digital nomads to Costa Rica; efforts must be accelerated to bring quality connectivity to underserved places that could potentially host workers. The National Telecommunications Development Plan provides a good opportunity to address these issues, facilitate the development of digital infrastructure, make the necessary radio spectrum available, allow different technologies to make their contribution (such as 5G networks), strengthen fibre optic networks, and facilitate the development of satellite services and alternative networks in rural areas.

In the midst of this great global crisis, and with new models of flexibility and migration changing the world of work as we know it, Costa Rica may have discovered a great opportunity for innovation.

Mexico is close to the Wi-Fi of the future

By Christopher Casarrubias.
Principal, Emerging Markets. Former senior adviser in the Mexican ICT Ministry and Competition Authority.

Covid-19 has forced us to work remotely, receive education online, and engage in leisure and social activities virtually, all from our own homes. In many ways, periods of lockdown and social distancing served to deepen a trend that existed before the pandemic; there is a growing number of wireless devices connected to our home networks. This is easy to prove with a quick mental exercise. Think how many devices were connected to the network in your home 10, even five years ago? And how many are there now?

Continuing this trend, we are on our way to having even more connections on our home networks in the very near future. Virtual reality (VR) and augmented reality (AR) devices, which had not enjoyed the commercial success previously expected, promise to become much more popular. The same goes for wearables, low-power devices built into clothing and accessories, which more people are using.

MORE SPECTRUM FOR WI-FI

Wi-Fi networks operate on 'license-exempted spectrum". These are radio spectrum frequencies that do not require an authorization from a regulator, so long as power limits and operating parameters are respected. In 1997, during the early days of Wi-Fi, the 2.4 GHz band was used freely and had a theoretical maximum speed of 2 Mbps. In 2009, regulators began enabling the 5 GHz band under the Wi-Fi 4 standard, reaching theoretical maximum speeds of 600 Mbps; however, over the last 10 years, spectrum for Wi-Fi has not increased, while the demand for it has exponentially grown.

It is simple to understand why this generates problems. There are many more connections being made for the same amount of spectrum, which directly impacts their latency and speed. Contrary to popular belief, this cannot be solved by paying for faster Internet or buying newer devices.

The new Wi-Fi 6 standard, released in 2019, solves this problem. With a theoretical maximum speed of 10 Gbps, Wi-Fi 6 allows for more efficient networks, as they were designed from their conception, to include multiple devices. The development of Wi-Fi 6 is integrated with advances in Internet of Things (IoT) technology, which will multiply the pressure placed on Wi-Fi networks.

THE WI-FI 6 REVOLUTION

With this revolution in mind, technology companies such as Intel, Microsoft, Facebook, Broadcom, Samsung, and Apple have invested billions of dollars in new mobile phones, computers, televisions, and other devices that take advantage of the new Wi-Fi 6 standard. However, new devices alone are not enough to realise the potential of Wi-Fi 6. Additional unlicensed use of spectrum in the 6 GHz band (5925-7125 MHz) is also needed.

While Wi-Fi 6 is going to have a direct impact on our homes, its effect goes much further, and will be felt across the economy. Raúl Katz and Fernando Callorda estimate that, in Mexico, the unlicensed use of the 6 GHz band will generate economic value of USD $150 billion. Looking at the case of Brazil, the Dynamic Alliance Spectrum (DSA) estimates that the value generated will be USD $183 billion. When you consider the advances in IoT, and how entire production processes could be connected to Wi-Fi, it is easy to understand the expectations placed on new technology.

In April 2020, the US Federal Communications Commission was the first regulator in the Americas to open up the 6 GHz band. This led many countries to follow suit, among them Chile, Guatemala, Honduras and Brazil. More recently, Costa Rica, Peru and Canada decided to allocate the entire 6 GHz band for unlicensed use. The issue is under review in Argentina, Colombia and Mexico.

MEXICO LOOKS TO THE FUTURE

Last November, the Federal Institute of Communications (IFT) of Mexico opened a public consultation on the subject, which concluded its first phase in January. The topic is currently under consideration, with experts agreeing on the importance of establishing flexible rules for Wi-Fi 6. Mexico is expected to follow in the footsteps of Brazil, the other regional giant, and consolidate the trend in Latin America.
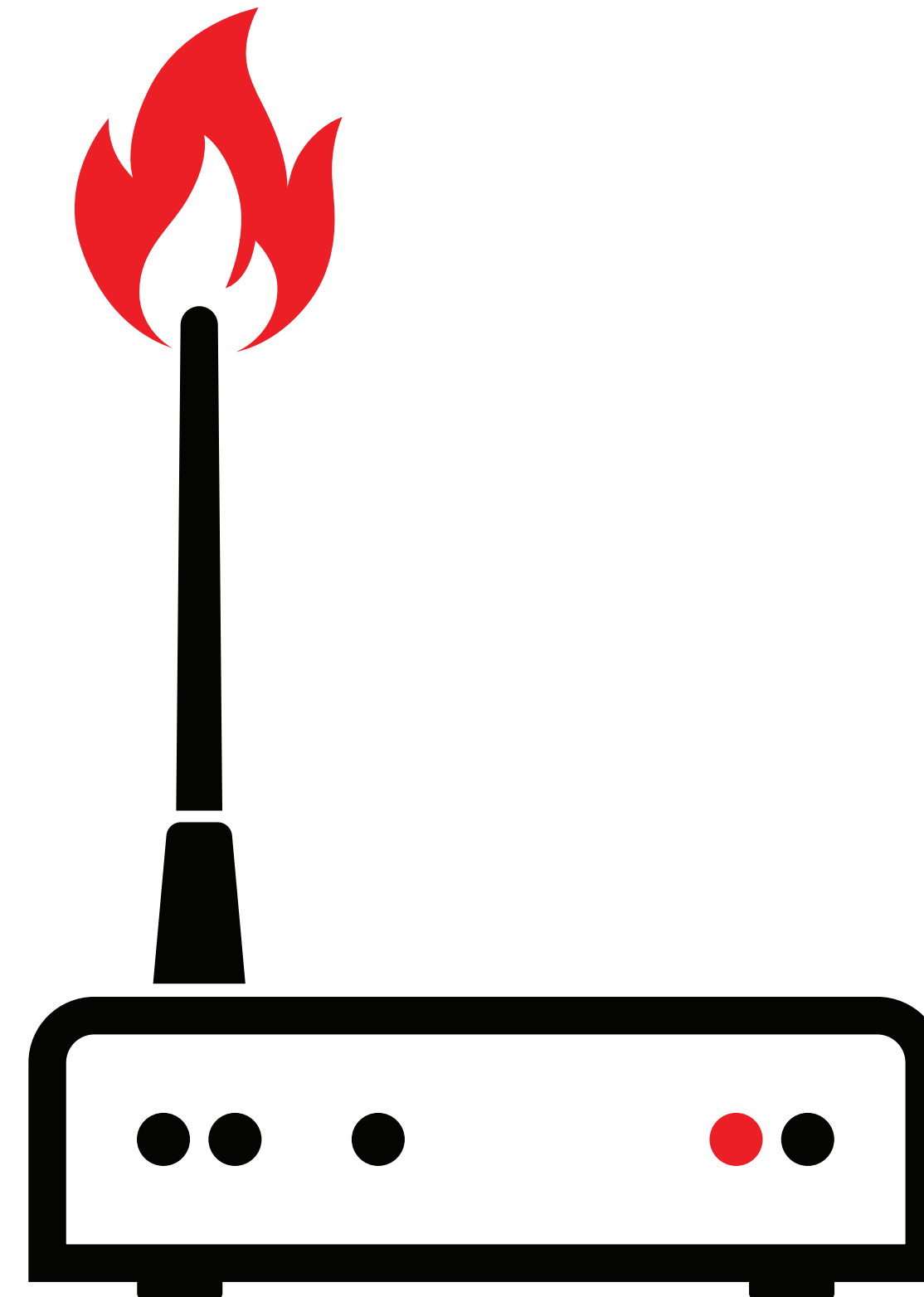
Beyond the technical discussion, let us return to the opening question. How many devices are currently connected to your home network? I can count at least 10: computers, smartphones, tablet, television, robot vacuum cleaner, video game console. How many will there be in ten years? Better Wi-Fi connectivity, especially after Covid-19, directly impacts our daily lives, and that is something that does not look set to change in the future.

Latin America and the promise of digital transformation

By Pablo Marzocca.
*Analyst.*

Paula Rabacov.
Analyst.

In the wake of the Covid-19 pandemic, the Inter-American Development Bank (IDB) estimates that the economic decline across Latin America and the Caribbean, in 2020, resulted in a 7.4% decrease in regional GDP. It is the worst annual result in history and has been accompanied by the loss of 26 million jobs and a significant increase in poverty in all countries.

Economic recovery, in addition to redoubling vaccination efforts, will require governments to implement public policies that make a difference in terms of increasing productivity and fostering sustainable growth. Multilateral organizations and experts agree that digital transformation is essential for this. However, this is where the similarities end: digital transformation is taking place at very different speeds in different countries.

CHILE AND COLOMBIA ARE COMMITTED TO THE DIGITAL ECONOMY

Chile decided that the rollout of 5G will be the cornerstone of its digital strategy and completed its first spectrum auction in January this year. The government of Sebastián Piñera is strongly committed to digital transformation and is positioning Chile as the "digital hub" of Latin America, a gateway through which foreign investment in digital technologies could easily reach additional Latin American markets. The preliminary results are exciting, considering the increasing presence of firms such as Google, Amazon and Huawei in the country.

In Colombia, the government of Iván Duque has proven to be one step ahead of the regional average on digital issues, although it now faces a difficult social crisis. Under the public cloud framework agreement, Colombia boasts
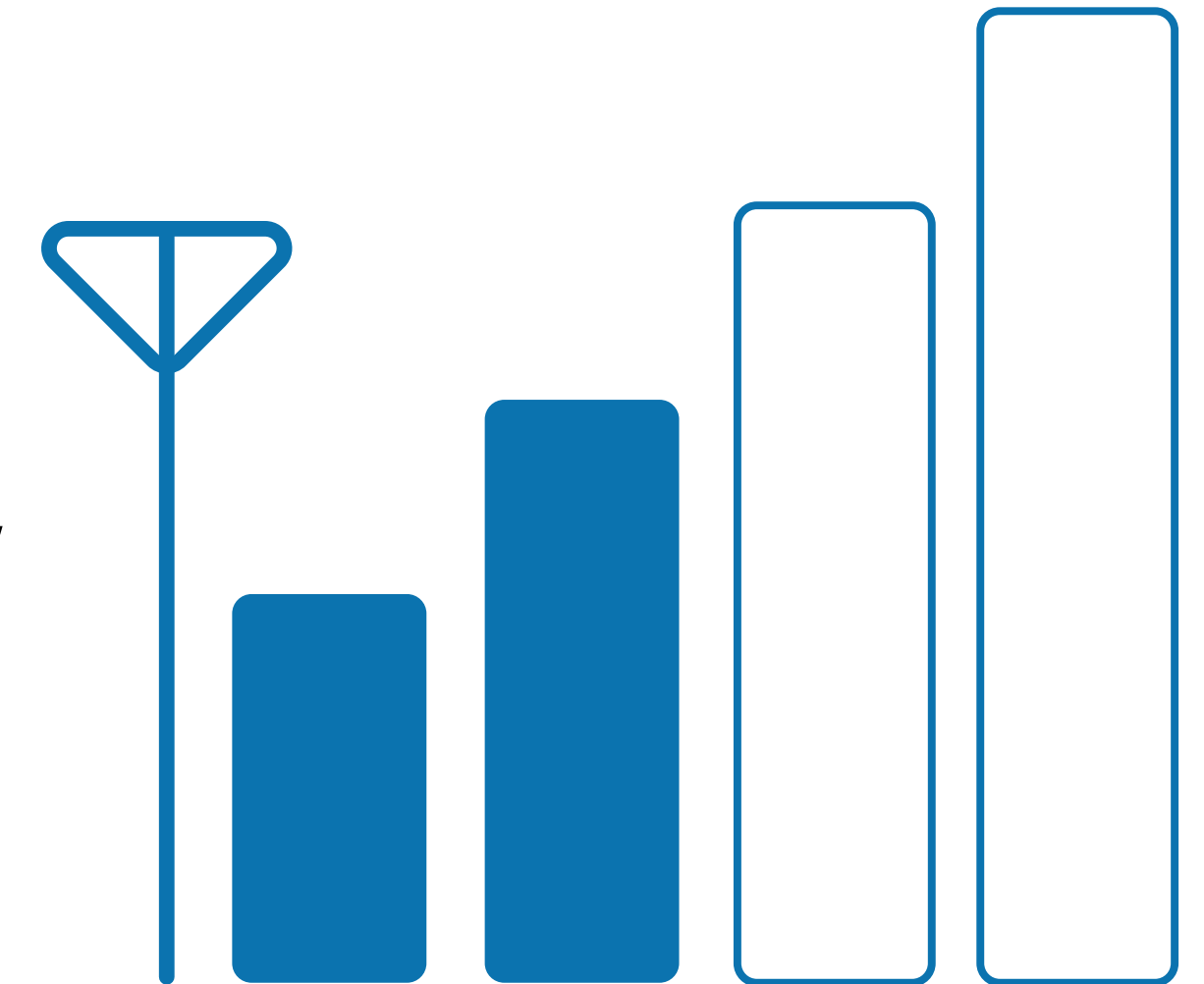
one of the most innovative programs in the region to implement cloud solutions in the public sector. The Presidency has pushed tirelessly to achieve the digital transformation of public offices, and in March issued guidelines with criteria for the public implementation of artificial intelligence, cybersecurity protocols and data management.

BRAZIL BOOSTS DIGITAL TRANSFORMATION
Brazil has undoubtedly made progress in terms of digital transformation in recent years, but there is much to be done to achieve the levels of digital inclusion present in advanced economies. According to the OECD, 23% of the Brazilian population have never used an Internet connection, while small businesses lag behind their more modernized counterparts in other countries.

The good news is that the government is investing time, effort and resources to correct this situation. Noting this intention, the Inter-American Development Bank (IDB) recently approved a record loan of USD 1 billion to improve connectivity, increase the adoption of digital technologies, develop digital skills and advance the improvement of digital public services, something that the government has made a priority.

MEXICO AND ARGENTINA STILL LAG BEHIND
In Argentina, the government of Alberto Fernández was slow to take the initiative, and there are still many doubts regarding its public digital transformation strategy. The idea of "technological sovereignty", present in documents such as the recent consultation

on public cloud, also raises doubts about how much the industry can participate in these initiatives. On the other hand, it is not all bad news: the country will receive an USD 80 million loan from the World Bank to finance the implementation of digital public services and increase their accessibility.

Mexico, for its part, operates without a National Digital Strategy, something that experts continue to demand. In the absence of a coherent vision, public digital transformation proceeds without coordination across different government offices. Interesting developments, such as the new digital driver's licenses, electronic passports and the digitization of the judiciary, coexist with the absence of more comprehensive electronic government initiatives. It remains to be seen whether the López

Obrador administration will pay more attention to digital development after the June 6 mid-term elections; at this time, expectations are low.

AN UNEVEN PICTURE
Digital transformation in Latin America is advancing, but at varying speeds. While Chile and Colombia are eager to make the most of the digital economy, and Brazil tries to make up for lost time, progress is less organized in Argentina and Mexico. As a whole, the region still has much to do (and much to gain) to realize Latin America's enormous digital potential.

Bits & bites
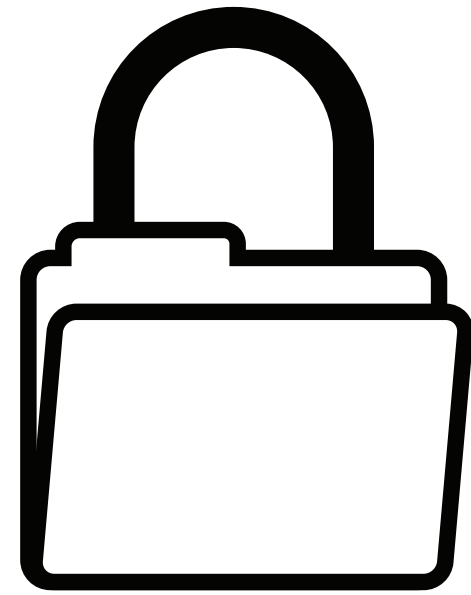
Ecuador introduces new personal data protection law.

The Ecuadorian National Assembly has approved the Organic Law on Personal Data. The text establishes both a national data protection registry and a Personal Data Protection Superintendency, whose head will be designated by the president. Personal data, meanwhile, must be treated under the principles of confidentiality of information, quality and relevance. The expectation is that this new legal framework will help public and private institutions raise their standards when it comes to storing personal information.

Colombia set to recognize Internet as a public service.

Colombia's Senate approved Bill 464/2020, which would see the Internet recognized as an essential and universal public service. It will now pass to conciliation before becoming law. As a result, Colombia is close to joining Chile, Argentina and Mexico in the group of countries across the region to have declared the Internet an essential service. The bill is seen as the first step towards guaranteeing affordable Internet access, regardless of geographical location or socioeconomic status.

Mexico discusses registry of mobile phone users.

The Mexican Senate has approved a project to create a registry of mobile phone users that would collect biometric data such as fingerprints and images of people's faces, with the aim of halting criminal offenses. The project, however, has been heavily opposed by civil society organizations on data privacy and data protection grounds. The National Institute for Transparency, Access to Information and Protection of Personal Data (INAI) voted to label the registry as unconstitutional and has vowed to take the case to the Supreme Court, spurring president López Obrador's anger towards the autonomous agency.

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