

# LMI Paraguay

10/05-10/07

Status: Ongoing



## **Background**

### **Last Mile Initiative**

USAID's Last Mile Initiative (LMI) is a global program to expand the access of the rural poor to communications. Launched in April 2004, LMI intends to spur increases in productivity and transform the development prospects of farmers, small business, new startups and other organizations in rural areas presently underserved by the world's major voice and data communications networks.

### **Telecoms and Access in Paraguay**

Paraguay has one of the lowest teledensities in South America (4.6 telephone lines per 100 people). While mobile telephony is growing, service coverage is still limited to the main highways. Internet access is the lowest in the hemisphere.

### **Objectives**

The project's primary objective is to provide rural and underserved areas of Paraguay with reliable and affordable access to information and communication technologies (ICTs) and relevant content and applications through the creation of sustainable micro-telcos.

These micro-telcos are also expected to support USAID/Paraguay's strategic objectives relating to economic growth, health, democracy and the environment. For example, USAID/Paraguay has been actively involved in supporting local tourism as well as SMEs and the project will seek to support USAID's existing activities.

A special feature of the LMI Paraguay project will be the integration of Internet and telephony with local radio stations in order to extend the stations' reach.

## **Activities to Date**

- An initial assessment trip was undertaken during the summer of 2005. As a result of this assessment, Paraguay was selected as a second-year LMI country.
- A follow up, project design trip was undertaken in November 2005 by AED and Alexius International. This trip provided an opportunity to develop a map of potential partners. As with most LMI projects, leveraging the existing infrastructure, local capacity and private sector investment is critical to the project's success.
- A project plan was developed in December 2005.

## **The Micro-telco Franchise Model**

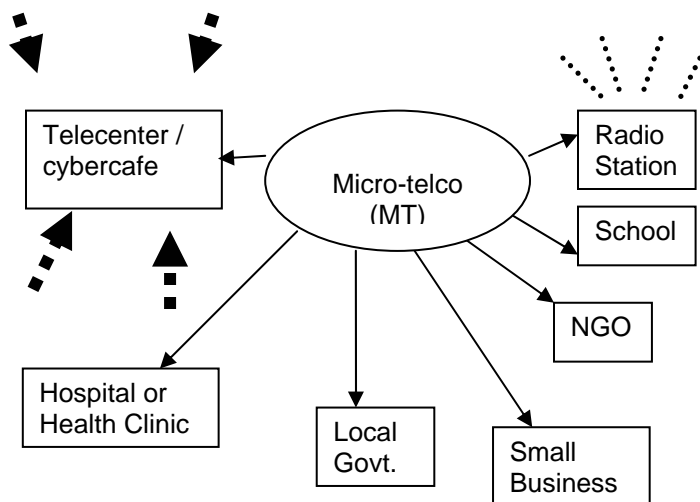
### **What Is a Micro-telco?**

In essence, a micro-telco is simply a small telecommunication company providing services to a specific geographic area.

It is not a telecenter. It does not provide community access to telecommunication services. It provides telecommunication services to households, businesses and other organizations on a subscription basis using wireless technologies.

### **Extending the Benefits Within the Community**

The micro-telco can provide connectivity to a wide range of organizations within a community. It provides connectivity to subscribers within a specific radius. Subscribers can include telecenters, cybercafes, other types of businesses, agricultural cooperatives, local branches of banking institutions, radio stations, schools, etc...



## Connectivity

The project's key partner for connectivity will likely be Telecel, a private sector firm aggressively investing in broadband in and around the major cities.

A market analysis will be conducted in early 2006 to determine the locations for the pilot projects. In addition to market analysis, a number of filters will be applied to identify locations that satisfy the greatest range of criteria, including pre-existing USAID activities.

Once the locations are identified, a selection process will determine the micro-telco owner (franchisee).

## Content & Applications

Using market research to determine how ICTs can best leverage the development of the community, the project will identify location-specific applications which will address real needs and generate demand for connectivity.

Several additional projects, which could be national in scope, have already been identified. They include an ePayment system to facilitate money transfers between rural agricultural producers and exporters; electronic tax filing; radio and TV content; and tourism.

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## LINKS

- [LMI Paraguay Activity Page](#)  
(on the DOT-COM website)

## A Scalable Model

The franchise organization emerges once the pilot micro-telcos have proven their profitability and attracted additional investments in other localities.

## Planned Activities

### Addressing the Regulatory Framework

Paraguay's regulatory framework provides significant challenges to the project. To succeed, the project will need a regulatory blessing from CONATEL, the country's telecommunications regulator, to:

- Use VOIP technology within the micro-telco;
- Authorize the micro-telcos to provide telephone numbers;
- Provide non-monopolistic prices for Internet connectivity.



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