INCLUSIVE DIGITALIZATION FOR SUSTAINABLE REACTIVATION

April 27th, 2022
Content

1. What digital challenges has the Covid-19 pandemic revealed?

2. How are we prepared in LAC?

3. What are the future opportunities?
STARTING POINT:
state of digital transformation in LAC

CAF Digitalization Index, 2021 (1) (0-100)

LAC presents an intermediate development of the digital ecosystem...

… with critical challenges at the digital frontier

CAF Digitalization Index, 2021 (1) (0-100)

(1) Source: Observatory of the Digital Ecosystem; COST AND FREIGHT; CAF Digital Ecosystem Development Index. Its value varies in a range from 0 to 100 where this last value represents the most advanced digitization level.
Despite important advances, the gaps have not been significantly closed.

LAC vs. OECD: Evolution of the digital ecosystem
CAF Digitalization Index, 2004-2021 (1)
(2010 base year=100)

Source: Observatory of the Digital Ecosystem; COST AND FREIGHT; CAF Digital Ecosystem Development Index. Its value varies in a range from 0 to 100 where this last value represents the most advanced digitization level.
Main advances in the digitalization of LAC

Latin America and the Caribbean: comparative development of the digital ecosystem

- Advances in penetration of digital services and platforms
- Limited progress in the digital economy due to lags in innovation, limited development of digital industries and digital transformation of the productive sectors
- Digitization of the State supported by greater government transparency and digital government services
- Advance in digital infrastructure in the face of marked progress in 4G deployment, the marked increase in speed and coverage
- The regulatory framework and public policies have increased due to improvements in competition levels
- Human capital reveals divergent trends: shortcomings in the supply of basic education, improvement in the production of STEM graduates and limitations in the digitalization of the workforce
- In the green digital economy, the region historically has low levels of CO2 emissions and has not produced substantial improvements in its circular economy

Note: The coincidence in Digitization of the State in 2004 and 2012 is due to the fact that the measurement of this pillar has few indicators with a series prior to 2015
Source: Telecom Advisory Services Analysis
Within LAC there are asymmetries in the digital development of the countries

...with divergent trajectories across countries
CAF Digitalization Index, 2004-2021 (1) (2010 base year=100)

Towards an inclusive digitalization for sustainable reactivation

Digital infrastructures and digitalization of infrastructures

- Connectivity for critical sectors such as education and health
- Human capital for the productive use of digital platforms and labor productivity (digital literacy, digital skills and digital talent)
- Innovative financial mechanisms for access and productive use of the internet (e.g. IpT, Peru)
- Digital inclusion (ICT for gender equality and reduction of abuse, financial inclusion)

Digital government and digitalization of the state

- Digital transformation of productive sectors and value chains (SMEs, agrotech, digital transformation roadmaps)
- Support for digital innovation for financial inclusion (fintech ecosystems and incubators - Financial Inclusion Laboratory)
- Investments in innovative ventures for digital services (govtechs, fintechs, healthtechs) promoting FIDE

Digital economy and digitalization of the economy

- Deployment of final quality digital infrastructure national and subnational (coverage, access and quality)
- Deployment of 4.0 technologies in productive sectors for economic reactivation
- Digitalization of classic infrastructures to optimize supply and climate resilience
- Public Policy and Smart Regulation - Digital Ecosystem Observatory and Digital Transformation Laboratory

More innovative governments through the digitalization of services - govtechlab platform
- Simplification of procedures and regulatory improvement with more agile governments
- Open government for transparency, anti-corruption and public integrity
- Support for strategies leveraged on new technologies + data intelligence + public innovation
The progress of digitalization in the region is based on seven imperatives

1. Resolve gaps in coverage, access, and affordability barriers through comprehensive digital inclusion initiatives
2. Increase investment in digital infrastructure to accommodate the growing traffic generated by the use of technologies and to support high-speed networks
3. Solve the human capital gap both in terms of basic training and the generation of critical mass in researchers and software developers in advanced technologies such as artificial intelligence and virtual reality
4. Accelerate the rate of innovation by increasing public and mainly private investment in R&D to reach critical mass levels
5. Promote the digital transformation of production processes, especially in the SME sector
6. Promote processes of digital transformation of the State taking advantage of the potential of emerging technologies, data and public innovation
7. Develop the circular economy and positive biodiversity through the use of digital technologies that contribute to CAF's Green Agenda