

## REQUEST FOR EXPRESSIONS OF INTEREST CONSULTING SERVICES

Selection # as assigned by e-Tool: HO-T1381-P001

Selection Method: Full competitive

Country: Honduras

Sector: IFD/CMF

Funding – TC #: ATN/KK-19285-HO

Project #: HO-T1381

*TC name: The general objective of this Technical Cooperation (TC) is to support digital transformation and social inclusion in Honduras through the development of a strategy to increase broadband connectivity and the development of policies that facilitate new trends in broadband services.*

*Link to TC document: <https://www.iadb.org/en/project/HO-T1381>*

The Inter-American Development Bank (IDB) is executing the above-mentioned operation. For this operation, the IDB intends to contract consulting services described in this Request for Expressions of Interest. Expressions of interest must be delivered using the IDB Portal for Bank Executed Operations (<http://beo-procurement.iadb.org/home>) by: *September, 22<sup>nd</sup> 2022*, 5:00 P.M. (Washington D.C. Time).

The consulting services (“the Services”) include: (i) Improve the understanding of market dynamics in Honduras, including study of the demand and the supply, study on the distribution of the population, (ii) Identify the technical considerations for deploying the infrastructure, including the orographic study and population distribution; the assessment of the existing available infrastructure; the design of the logic diagram node of the network; the estimation of the expected traffic according to the socio-demographic and economic conditions; and the determination of the requirements in terms of capacity and sizing of the network.

(iii) Analyze the economic and financial feasibility of the deployment and select a governance model. Particularly important will be the specification of the governance model to guarantee the success of the deployment, operation, and maintenance.

More specifically the project is expected to implement the following components:

- Component 1: Improve the understanding of market dynamics in Honduras. The objective of this component is to conduct a market study for Honduras, including an analysis of the socio-demographic and economic conditions; an analysis of current supply and demand of telecommunication services; and a forecast of the demand.
- Component 2: Identify the technical considerations for deploying the infrastructure, including the structure of the network and the expected social and environmental impacts. The objective of this component is to develop a technical study including: (i) orographic study and population distribution; (ii) assessment of the existing available infrastructure; (iii) design of the logic diagram node of the network; (iv) estimation of the expected traffic according to the socio-demographic and economic conditions; (v) identification of technological alternatives; (vi) determination of the requirements in terms of capacity and sizing of the network; (vii) selection of the best technology to attend the estimated traffic; and (viii) development of a deployment and execution plan.
- Component 3: Analyze the economic and financial feasibility of the deployment and select a governance model. The objective for this component is to develop an economic and financial study on the sustainability of the network and the services to be eventually provided.

Eligible consulting firms will be selected in accordance with the procedures set out in the Inter-American Development Bank: [Policy for the Selection and Contracting of Consulting firms for Bank-executed Operational Work](#) - GN-2765-4. All eligible consulting firms, as defined in the Policy may express an interest. If the Consulting Firm is presented in a Consortium, it will designate one of them as a representative, and the latter will be responsible for the communications, the registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible consulting firms to indicate their interest in providing the services described above in the [draft summary](#) of the intended Terms of Reference for the assignment. Interested consulting firms must provide information establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible consulting firms may associate in a form of a Joint Venture or a sub-consultancy agreement to enhance their qualifications. Such association or Joint Venture shall appoint one of the firms as the representative.

Interested eligible consulting firms may obtain further information during office hours, 09:00 AM to 05:00 PM, (Washington D.C. Time) by sending an email to: [\*Antonio Garcia Zaballos \(antoniogar@iadb.org\)\*](mailto:Antonio Garcia Zaballos (antoniogar@iadb.org)).

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## **TERMS OF REFERENCE**

### **PRE-FEASIBILITY STUDIES RELATED TO THE DEPLOYMENT: MARKET STUDY**

[Honduras]

HO-T1381

<https://www.iadb.org/en/projects-search?country=&sector=&status=&query=HO-T1381>

*Infraestructura Digital Social y Productiva en Tiempos de Pandemia: Lecciones del Caso de España*

#### **1. Background and Justification**

- 1.1.** The use of Information and Communication Technologies (ICTs) services and applications available over the Internet can reinforce sectors such as education, health, business, and government, with broad implications for economic development, competitiveness, and innovation. Yet, harnessing the benefits of this new digital economy increasingly relies on the availability of broadband Internet in a country as evolving services and applications require broadband speed and bandwidth.
- 1.2.** Broadband infrastructure is an enabler of development. According to several studies, a 10% growth of broadband penetration is associated with a 1.21% increase in the Gross Domestic Product (GDP) of high-income countries and a 1.38% increase in the GDP of low-income countries (World Bank, 2009). It is estimated that in the case of the LAC region, for a 10% growth in the penetration rate of broadband services, the GDP can be increased by 3.19%; the productivity by 2.61% and more than 67,000 jobs can be created.
- 1.3.** According to McKinsey, a greater penetration of Information and Communication Technologies (ICT) would imply an additional growth of between 7% and 15% of the country's (GDP) by 2025. However, in Honduras, half of the population still do not use this service. The problem of limited access to the Internet by the population is mainly due to three main obstacles: (i) lack of infrastructure; (ii) lack of digital training; and (iii) the absence of public policies to promote the development of digital infrastructure solutions.
- 1.4.** This situation has led the Government of Honduras to recognize the importance of increasing digital access in the country in an effort to facilitate the social inclusion of all strata of the population, economic growth and contribute to the integration of the country both at the national level as regional.
- 1.5.** Thus, the Government of Honduras has identified the deployment of new infrastructure as a necessary step to improve the capabilities of national broadband. But in addition to the deployment of infrastructure, it is necessary to have a national digital strategy that, based on inter-institutional coordination, favors digitalization in strategic sectors for the productive and social development of the country.

#### **2. Objectives**

- 2.1.** The general objective of this Technical Cooperation (TC) is to support digital transformation and social inclusion in Honduras through the development of a strategy to increase broadband connectivity and the development of policies that facilitate new trends in broadband services. The Government of Honduras has prioritized digital transformation as a lever for social

development and has requested the Bank's support to implement projects that contribute to universal digital inclusion.

### 3. **Key Activities**

**3.1 Component 1: Improve the understanding of market dynamics in Honduras.** The objective of this component is to conduct a market study for Honduras, including an analysis of the socio-demographic and economic conditions; an analysis of current supply and demand of telecommunication services; and a forecast of the demand. The scope of the activities to be implemented within the market analysis will be:

#### **3.2 Activity 1: Study of the supply**

Identify the type of services that are available for the final users (citizens, SMEs and public administrations). Specific information should also be provided on how the market is distributed among the different players, providing an analysis in terms of HHI<sup>1</sup> and any other concentration index that the firm may consider necessary in order to come up with a detailed description of the level of competition in the different countries and the type of services that are available.

#### **3.3 Activity 2: Study of the demand**

Considering the analysis conducted in the previous activity, identify how the demand is behaving in terms of consumption and whether there is any unsatisfied demand. Provide an analysis of what is demanded today.

#### **3.4. Activity 3: Study on the distribution of the population**

Identify how the population is distributed in terms of socio-demographic and economic conditions and discern conclusions on the implications that the composition of the population density may have in terms of the infrastructure deployment.

#### **3.5 Activity 4: Demand forecast**

Provide a forecast of the demand in Honduras, considering the demand behavior identified in activity 2 and the socio-demographic conditions from activity 3. To conduct this study, the consulting firm must take into consideration not only the existing services that are available in Honduras, as per activity 1, but also the new services that may be launched after the deployment of the infrastructure. Specific attention should be given to market and sectorial trends to justify the forecast. The results of these studies will serve as the basis for the Technical Study to be carried out in the following component.

#### **3.6 Component 2: Identify the technical considerations for deploying the infrastructure, including the structure of the network and the expected social and environmental impacts.**

The objective of this component is to develop a technical study including: (i) orographic study and population distribution; (ii) assessment of the existing available infrastructure; (iii) design of the logic diagram node of the network; (iv) estimation of the expected traffic according to the socio-demographic and economic conditions; (v) identification of technological alternatives; (vi) determination of the requirements in terms of capacity and sizing of the network; (vii) selection of the best technology to attend the estimated traffic; and (viii) development of a deployment and execution plan. The activities included within the technical analysis are:

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<sup>1</sup> Herfindahl–Hirschman Index (HHI) is a measure of the size of firms in relation to the industry and an indicator of the amount of competition among them.

- a. Orographic Analysis
- b. Assessment of the current situation of Telecommunications Infrastructure
- c. Design of the Logic Diagram Node
- d. Estimation of the expected traffic
- e. Estimation of capacity and choice of interfaces
- f. Analysis of technological alternatives
- g. Physical layout diagram
- h. Deployment Plan and Implementation Schedule
- i. Environmental and social impact assessment

**3.7** Based on the market study conducted in component 1, an analysis of technical parameters to consider in the deployment project will be done in component 2. The selection of appropriate technologies and the stages of the deployment plan, including the structure of the network, and the implementation schedule will be the main results of this component.

**3.8** The Technical Study will be used as basis for the Economic study to be conducted in component 3 and will be revised, as needed, based on the results of the latter.

#### **4. Expected Outcome and Deliverables**

**4.1** All the deliverables must to be approve by the team leader, the firm will be must to prepare two important documents:

- Draft Report
- Final Report

#### **5. Acceptance Criteria**

**5.1** The firm will have extensive experience in the telecommunications sector, with Senior team members involved in projects in LAC and other developing regions. Specific domain of domestic and international broadband infrastructure is required, including both terrestrial and undersea cables. The firm must have a proven capability to deliver detailed and accurate market studies, particularly as the results of Component 1 will serve as critical inputs for the development of the feasibility studies in Component 2 of the projects. Beside the team leader, the team must include the following roles:

- Telecom market expert with knowledge and understanding on the market dynamics, regulations and implications in the digitization of business plan
- Network design expert with specific understanding on fixed and mobile technologies to accelerate the deployment of digital infrastructure according to variables such as the population density and the distance to different infrastructure.
- Financial modeling expert with a grasp on key variables and sensitivities analysis related to the deployment.

**6. Other Requirements**

**6.1 Type of consultancy:** Firm, the duration of this consultancy is for 6 months, since the contract firm, travel required. During this period, the firm is expected to participate in a total of at least two (2) coordination meetings online with IDB Specialists in Headquarters (Washington DC) and at least (2) presentation meeting with government of Honduras.

**7. Supervision and Reporting**

**7.1** Supervision and coordination of the consultant’s work will be the responsibility of Antonio Garcia Zaballos (IFD/CMF) Team Leader, [antoniogar@iadb.org](mailto:antoniogar@iadb.org)

**8. Schedule of Payments**

- 8.1** Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.
- 8.2** The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

<b>Payment Schedule</b>	
<b><i>Deliverable</i></b>	<b>%</b>
<i>1. Upon Contract Signature and presentation of the working plan</i>	10%
<i>2. Activities included in component 1</i>	40%
<i>3. Activities included in components 2 and 3</i>	50%
<b>TOTAL</b>	<b>100%</b>