



CONNECTED HOMES

LIFTING VULNERABLE COSTA RICANS OUT OF POVERTY
THROUGH CONNECTIVITY



Vice President of the Republic, Ana Helena Chacon distributing the first set of laptops under Hogares Conectados (Connected Homes) program. Photo courtesy: gobierno.cr

1 EXECUTIVE SUMMARY

The Connected Homes Program is a public-private partnership in Costa Rica that seeks to subsidize Internet access and computer equipment for 14,000 vulnerable households by 2018. Initiated by the Presidential Social Council of Costa Rica in 2015, the program aims to reduce poverty and inequality for 15% of Costa Rica's overall population and promote economic growth through creation of new jobs over the course of the next six years.

2 CONTEXT

Costa Rica with a population of nearly 5 million. One-fourth of the total population continue to live in poverty. As of 2015, 49.4% of Costa Ricans are Internet users. Among the poorest

households, only 19% have a computer according to the Encuesta Nacional de Hogares (Enaho)—National Household Survey published in July 2015.

Country Statistics: Costa Rica			
Land area (sq. Km.)	51060	Mobile cellular subscriptions (per 100 people)	77.8 (2014)
Population	5 million (2015)	Number of active users (mobile)	150 million (2016)
Population below the poverty line (as a % of total population)	24.8 (2014)	Number of active users (Fixed)	164,114 (2016)
Labor force	55.7 million (2014)	Broadband users (% of population)	3.6 (2012)

3 CHALLENGES

Affordability: Despite Costa Rica having one of the highest penetration rates in countries across Latin America, Internet access remains unaffordable to poor, indigenous and socially marginalized communities. This is due to an inability to purchase Internet-enabled devices, over and above the costs of access to a sustained Internet connection to the home.

Lack of awareness: Low income families that have never accessed the Internet are unaware of the relevance of Internet connectivity to their lives.

4 THE CONNECTED HOMES SOLUTION

The Connected Homes program is an initiative that brings together different state institutions, including the Vice Presidency, the Rector and Regulator for Telecommunication. It is implemented by telecommunication companies and supported by NGOs, and is part of the “Bridge to Development Strategy” of the country. The Universal Service Fund provides the financial support for the subsidy. The telecommunications service providers provide both the Internet service as well as the computer resources and software licenses, engage in program promotion, as well as provide the requisite e-government applications and digital literacy training.

The government determines eligible households using criteria such as whether the household is at or below poverty level, as well as whether they belong to groups in the fourth and fifth deciles of income but have specific social needs in order to include the indigenous, differently abled, female-headed households and self-employed. It provides three levels of subsidy at 80%, 60% and 40% depending on their income and special needs, using the ratio of household income to the cost of internet service and a basic to determine subsidy amounts.

The program, which officially started disbursing subsidies in June 2016, will invest US\$ 128 million over the course of five years. The subsidy lasts three years, and covers the cost of a basic computer and an Internet service at 2 Mbps. FONATEL, the universal service fund, covers both the cost of the subsidy as well as the service.

The main goal of the Connected Homes program is to combat poverty and inequity, and promote job creation and economic growth through increasing access to information technology in vulnerable groups. The objective is to provide up to 80% of subsidy for computer and broadband to almost 150,000 low income families, around 15% of Costa Rica homes.

5 IMPACT

During the first phase of the project that commenced in June 2016, more than 4,000 families provided with Internet access, which represents 30% of resources allocated for phase one (computer and Internet access). Of the total allocated, 3,726 families are headed by women and 347 have a male heads of households. The total budget allocated to the project until 2021 is US\$ 128 million.

Over the next three years, 140,000 laptops are to be distributed to low income families. By 2021, the program aims to cover over 15% of Costa Rican households and lift them out of poverty, create employment opportunities, and create pathways to social inclusion.

KEY TAKEAWAYS

Providing calibrated, targeted subsidies for household broadband access can significantly expand the available opportunities for the poorest as other disadvantaged groups in society such as female-headed households, indigenous communities, elderly and the differently abled.

Partnerships between the government and private sector in order to boost Internet penetration rates funded by a universal service fund creates an enabling environment in order for the deployment of connectivity projects in developing countries

Connectivity projects can form a key component of larger socio-economic development strategies of countries.