**TERMS OF REFERENCE**

**IFD/ICS**

**CR-T1099: Costa Rican National Broadband Plan**

1. **BACKGROUND**

**Justification**: Costa Rica has embraced broadband as a catalyst for economic growth and social inclusion. This is reflected in their current National Broadband Plan (NBP) that was launched in 2009 and covered the period 2009-2014.[[1]](#footnote-1) Although this comprehensive strategy has had positive effects in terms of broadband development (the number of broadband subscriptions rose from 107K[[2]](#footnote-2) in 2008 to more than 448K in 2012), the country still faces challenges in terms of broadband access, adoption and usage. This particular situation unveils a divide with the developed countries. Whereas broadband penetration in the OECD countries averages more than 75 percent, in Costa Rica it averages 10 percent. There is also a divide within Costa Rica, between urban and rural areas. Whereas in departments like San Jose, 55 percent of households enjoy Internet connection and 53 percent own a computer; in others, like Limon only 27 percent of households have Internet connection, and 31 percent own a computer.

To overcome that challenging situation, the country needs a revised, far-reaching and consistent national policy to encompass all the different angles through which such complex issue should be looked at and renewed national objectives in terms of broadband access, adoption and use. The necessity of an updated plan with new goals based on a diagnosis of the status-quo is crucial to allow Costa Rica continue pursuing their goals in terms of universality and affordability.

The Government of Costa Rica (GoCR) is aware of that fact and has requested the Bank’s support for the review of the current NBP in order to develop a new version that covers the next five-year period (2015-2020). The new NBP will be based on a review of the existing policy framework taking into account the needs of citizens, enterprises and public institutions. It will also outline specific actions and strategies (public policies and strategic regulation) both on supply and demand to achieve the national goals in terms of broadband universality and affordability.

Due to the aforementioned reasons, the new NBP is a priority for GoCR to: (i) continue narrowing the divide in terms of broadband access, adoption and use with respect to other countries; (ii) use broadband as an economic growth and social inclusion catalyst; and (iii) make the NBP one of the pillars of the National Telecommunications Development Plan.

1. **CONSULTANCY OBJECTIVES**

The objective of this consultancy is to support the GoCR in their efforts to promote broadband universalization in terms of access, adoption and use by means of a comprehensive strategy as it is the NBP.

1. **CHARACTERISTICS OF THIS CONSULTANCY**

**Type of consultancy:** Firm

**Starting date and duration:** maximum of 6 months (starting as soon as possible)

**Working place / travels:** Although the tasks may be carried out in the country of origin, the firm will be required to travel at least twice to Costa Rica, one at the beginning of the consultancy for the kick-off of the project and one at the end to present and disseminate the results. That being said, the Bank expects the firm to travel as much as necessary to the country to guarantee the best quality of the work.

**Qualifications**: 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 public policies as well as regulation of the telecommunication sector is required. Experience developing NBPs (National Broadband Plans) in the LAC region is highly advisable. The firm must also have a proven capability to understand and analyze infrastructure requirements. Finally, since the results from the first component will have to be quantified, experience related to relevant financial analyses will also be a plus.

1. **ACTIVITIES AND PRODUCTS**

This consultancy will focus on activities mainly directed to generate the new NBP using as starting point the current NBP and the renewed national objectives determined by the GoCR[[3]](#footnote-3). The new NBP will cover the five-year period 2015-2020 and will touch upon access, adoption and use strategies. In addition to the current NBP and national objectives, the analysis will consider the international experience as a reference of the strengths, limitations and problems of the various broadband plans that have been deployed globally.

The ultimate goal will be to develop a new document that comprehends specific plans, projects, actions and policies that support the renewed government goals. It is important to note that the recommendations will touch upon both supply and demand and when specific projects are proposed, estimated CAPEX and OPEX, and timing will be included.

Additionally, it is noteworthy that the work must be done in conversation and coordination with the relevant stakeholders (e.g. Vice ministry of telecommunications – VMTEL –, regulatory body – SUTEL –) to ensure their support and engagement.

A proposed outline for the plan is as follows: (1) Diagnosis of the broadband situation (in access, adoption and use) or the AS-IS situation, (2) National measurable Objectives (in access, adoption and use) or the TO-BE situation, (3) Projects/Initiatives/Strategies (including description, budget and timing) to bridge the gap between the TO-BE and the AS-IS, in other words, to achieve the National Objectives, (4) Public Policy recommendations necessary for the Projects/Initiatives/Strategies to succeed, (5) Regulatory recommendations necessary for the Projects/Initiatives/Strategies to succeed, (6) Governance model to orchestrate the ecosystem of stakeholders involved in the NBP, (7) Roadmaps for implementation, and (8) Monitoring Plan (with a set of proposed indicators and milestones)

The consultancy will have to be structured around one component (Development of the National Broadband Plan). This Component will develop the new NBP using as an input the existing NBP and the national objectives in terms of access, adoption and usage

**Activity 1.1 – Review and assessment of the results of the existing NBP.** The goal of this activity is to analyze the current strategy, its goals and accomplishments, providing a report with the main conclusions (including an assessment on the effectiveness of the results). This analysis will serve as an input for the second main activity.

***Products and deliverables of Activity 1.1:*** the product of this activity will be assessment of the results of the existing NBP.

**Activity 1.2 – Design and development of the new NBP (supply and demand).** For this activity, consultants will prepare a study updating and complementing, when appropriate, the assumptions, facts, and objectives of the current NBP and propose specific plans, projects and actions to support the renewed government goals and the country needs within a comprehensive structure for the plan.

***Activity 1.2.1 – Diagnosis of the broadband situation.*** The goal of this activity is to have a clear and detailed picture of the current situation of broadband in Costa Rica in terms of access, adoption and use but also in all that related to the rest of elements described earlier such as public policies, regulation and governance model. The objective is also to extract lessons learnt from the past to have a renewed NBP that relies on and enhances existing experiences. Moreover, the diagnosis will necessarily go beyond pure telecommunication indicators and will analysis other socio-demographic and economic variables such as income, sectorial activity and so forth.

***Activity 1.2.2 – Definition of the National Objectives.*** The goal of this activity is to establish a dialogue with the GoCR to establish the National Objectives for the NBP. Two aspects are important: (1) objectives have to be measurable (e.g. penetration, prices, coverage), and (2) need to be categorized and touch upon access (e.g. coverage goals), adoption (e.g. price and quality goals) and use (e.g. digital literacy goals).

***Activity 1.2.3 – Projects/Initiatives/Strategies in access (supply) .*** Starting from the diagnosis of the supply (infrastructure) and that of the additional socio-demographic and economic variables, this sub-component will include specific projects and actions to achieve the national objectives in terms of universality.

***Activity 1.2.4 – Projects/Initiatives/Strategies in adoption (demand) .*** Starting from the diagnosis of the adoption (prices, quality and access to devices) and that of the additional socio-demographic and economic variables, this sub-component will include specific projects and actions to achieve the national objectives in terms of affordability and universality in access to devices. The specific proposals will be classified per segment (citizen, businesses and public institutions) and per sector (education, health, government, agriculture, financial sector, etc.) when appropriate.

***Activity 1.2.5 – Projects/Initiatives/Strategies in use (demand) .*** Starting from the diagnosis of the adoption (prices, quality and access to devices) and that of the additional socio-demographic and economic variables, this sub-component will include specific projects and actions to achieve the national objectives in terms of universality in the use of broadband services by citizens, businesses and public institutions. The specific proposals will be classified per segment (citizen, businesses and public institutions) and per sector (education, health, government, agriculture, financial sector, etc.) when appropriate.

**Activity 1.3 – Development of public policy and regulatory recommendations.** For this activity, consultants will formulate recommendations in terms of public policy and strategic regulation that actually support and favor the success of the projects, plans and actions that emanate as a result of Activity 1.2.

***Activity 1.3.1 – Public Policy Recommendations.*** The goal of this activity will be to come up with a set of public policy recommendations that support the projects and proposals contained in the previous activities. Examples of public policies are: (1) subsidies to ensure affordability, (2) tax-exemptions to promote affordability, (3) promotion of PPPs.

***Activity 1.3.2. – Regulatory Recommendations.*** The goal of this activity will be to come up with a set of recommendations customized to the reality of Costa Rica and the proposals of the previous activities. Examples of regulatory recommendations are: (1) efficient use of spectrum, (2) interconnection and unbundling regulation, (3) cost accountability frameworks, (4) market analysis, (5) generation of sector sustainable economic models; (6) efficient use and structuring of universal service funds; (7) regulation of rights of way; (8) infrastructure sharing regulation; or (9) regulatory and policies on price, coverage and quality. All the regulatory recommendations will be condensed in a plan that will contain the budget and timing per proposed activity (e.g. if one activity recommended is to develop regulation of infrastructure sharing, then the effort will have to be estimated in monetary and timing terms)

**Activity 1.4 – Design of a Governance model and monitoring and evaluation framework.** For this activity, consultants will develop a governance model that promotes concerted efforts to achieve universality and affordability of broadband service among the various stakeholders involved in the implementation of the NBP in general, and specifically on all the proposed projects under Component 1. Examples of the elements expected in this activity are: (1) design of a coordinating body; (2) the design of mechanisms for consultation (with a socialization strategy); and (3) a monitoring and evaluation framework that contains a detailed schedule for the implementation of the NBP (clearly identifying the responsibilities of the stakeholders involved) and a monitoring dashboard with specific KPIs (key performance indicators) for each of the goals.

***Activity 1.4.1 – Development of a governance model.***The goal of this activity will be to develop a governance model that assigns responsibilities and promotes coordination and concerted efforts among the various stakeholders involved in the implementation of the NBP in general and specifically of all the proposed projects in component 2. Moreover, a proposal for a coordinating body will be included.

***Activity 1.4.2 – Definition of a Monitoring & Evaluation Plan (M&E).***The goal of this activity will be to design the M&E. Not only will a plan be included but also a user-friendly dashboard (with specific indicators) and a coordination process proposal to ensure that all the relevant stakeholders take part of the M&E process.

***Activity 1.4.3 – Definition of the roadmap.***The goal of this activity will be to define a proposal for the implementation roadmap of the NBP.

***Products and deliverables of Activity 1.2, Activity 1.3 and Activity 1.4.*** The products from these activities will be the NBP with: (1) diagnosis (for all the aforementioned elements: access, adoption, usage, public policies, regulation, governance model and so forth); (2) National Objectives plan; (3) proposals of projects/initiatives/strategies separated per type: access, adoption and use; (4) Public Policy recommendations; (5) Regulatory recommendations; (6) Governance model; (7) M&E plan; (8) Consultation proposal and associated roadmaps; and (4) overall roadmap for the NPB.

1. **METHOD OF PAYMENT**

Payment will be made as per the following schedule, upon approval by the Team Leader responsible for this TC (see item VI below):

**Schedule of payments:**

1. 30% upon contract signature;
2. 30% upon approval of draft report; and
3. 40% upon approval of final report
4. **COORDINATION**

The supervision and coordination of this consultancy will be the responsibility of Félix González (IFD/ICS), Team Leader of this operation (felixg@iadb.org)

1. The current NBP is available at <http://www.telecom.go.cr/index.php/publicaciones/telecom/publicaciones/estrategia-nacional-de-banda-ancha-consulta-publica/download> [↑](#footnote-ref-1)
2. UIT *Estadísticas* <http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> [↑](#footnote-ref-2)
3. As a reference National Broadband Plan and structure, the firm is advised to consult the NBP developed by the Bank’s Broadband Team to support the Government of Panama <http://www.innovacion.gob.pa/descargas/PlanEstrategicoBandaAncha.pdf> [↑](#footnote-ref-3)