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MULTILATERAL INVESTMENT FUND

**JAMAICA**

**STRENGTHENING COMPETITION IN TELECOMMUNICATIONS:  
SUPPORT TO THE OFFICE OF UTILITIES REGULATION (OUR)**

**(JA-M1004)**

**DONORS MEMORANDUM**

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## **APPENDICES**

Proposed Resolution

**INFORMATION AVAILABLE IN THE FILES OF RE3/FI3**

Report by Peter A. Stern, Eng. PhD., entitled “Action Plan: Promoting Investment in Information and Communications Technologies in the Caribbean,” April 2004. Report was prepared for IDB.

Report by Peter A. Stern, Eng. PhD., entitled “Making the Jamaican Telecommunications Sector more Competitive by Strengthening the Office of Utilities Regulation (OUR),” September 2005. Report was prepared for IDB.

Request for Proposal for a License to Build, Own and Operate Submarine Fibre Optic Cable Carrier Facility (Telecommunications Act, 2000.)

“Regulatory Capacity Building in Competition Issues” prepared by Zain Khan, CMC of Alliances Consulting Group Inc., June 2005.

Ex-Post Evaluation Report “Establishment of the Office of Utilities Regulation (Jamaica),” April 30, 1998.

Draft Terms of Reference for the project Consultants prepared by OUR in consultation with the Bank.

Terms of Reference created by the Commonwealth Telecommunications Organization (CTO) related to “Regulatory Capacity Building in Competition Enhancement Project”

“Review of the Legal, Institutional and Regulatory Framework in the Telecommunications Sector and Recommendations for Reform,” prepared for IDB and available on following website ([http://mct.gov.jm/mcst\\_documents.htm](http://mct.gov.jm/mcst_documents.htm))

## **ABBREVIATIONS**

CAC	Consumer Affairs Commission
C&W	Cable and Wireless Jamaica
CESI	Committee on Environment and Social Impact
CIDA	Canadian International Development Agency
DFID	Department for International Development
FTC	Fair Trade Commission
GoJ	Government of Jamaica
IFI	International Financial Institutions
IT	Information Technology
ISP	Internet Service Provider
LLU	Local loop unbundling
MCST	Ministry of Commerce, Science and Technology
MIF	Multilateral Investment Fund (IDB)
NEPA	National Environmental and Planning Agency
OUR	Office of Utilities Regulation
RFP	Request for Proposals
SMA	Spectrum Management Authority
UNDP	United Nations Development Program
USTDA	United States Trade Development Agency
VoIP	Voice over Internet

**JAMAICA**

**STRENGTHENING COMPETITION IN TELECOMMUNICATIONS  
SUPPORT TO THE OFFICE OF UTILITIES REGULATION (OUR)**

**(M1004)**

**I. EXECUTIVE SUMMARY**

<b>Beneficiary:</b>	Government of Jamaica		
<b>Executing agency:</b>	Office of Utilities Regulation (OUR)		
<b>Target Beneficiaries:</b>	OUR and Telecommunications Sector stakeholders		
<b>Modality:</b>	Non-Reimbursable Facility I		
<b>Financing:</b>	MIF:	US\$	500,000
	Local:	US\$	135,000
	USTDA:	US\$	<u>290,000</u>
	Total:	US\$	925,000
<b>Objectives:</b>	The program <b>goal</b> is to contribute to increased competition in the telecommunications sector in Jamaica. The program <b>purpose</b> is to provide support to the OUR to improve the regulatory framework for the rapidly evolving sector and to help promote the development of a sustainable competitive environment.		
<b>Execution Timeline:</b>	Execution Period:	36 months	
	Disbursement Period:	42 months	
<b>Special contractual conditions:</b>	<u>Submission of Knowledge Transfer Implementation Plan.</u> This plan should detail the assignment of OUR staff for each project component and the mechanism for knowledge transfer. It should also include the courses that technical staff will attend as funded under Component III of the Program. OUR is required to submit this plan on an annual basis for Bank approval.		
<b>Exceptions to Bank Policies and Procedures:</b>	None		
<b>Environmental and social review:</b>	CESI reviewed the Project on August 5, 2005 and had no comments. The OUR has detailed the procedure for the submarine cable RFP applicants to obtain approval from the National Environmental and Planning Agency (NEPA).		
<b>Coordination with Other Official Development Finance Institutions:</b>	The Project Team has coordinated with the World Bank regarding the Regulatory Impact Study which is being undertaken through the Public-Private Infrastructure Advisory Facility of the World Bank.		

## **II. BACKGROUND AND JUSTIFICATION**

### **A. BACKGROUND ON EXECUTING AGENCY**

- 2.1 The Office of Utilities Regulation (OUR) is a statutory body established by the Office of Utilities Regulation Act of 1995, as amended in 2000. It regulates the provision of all utility services, including water and sewerage, electricity, public transportation and telecommunications. The OUR, although an independent regulatory institution, reports to the Office of the Prime Minister via the Minister of Development.
- 2.2 OUR's primary responsibilities within the telecommunications sector include the following: (1) to establish and enforce regulations governing the telecommunications sector; (2) to recommend license awards to the Ministry of Commerce, Science and Technology (MCST); (3) to protect Jamaican consumers; and (4) to provide a competitive environment that allows for a reasonable return on capital invested. The OUR commenced operations in January 1997 and its start-up was supported through a technical cooperation grant (ATN/MT-4529-JA) to the Government of Jamaica. That operation focused on the energy sector and the related responsibilities of OUR.
- 2.3 Other regulatory bodies with influence over the telecommunications sector or telecommunications service providers include the Spectrum Management Authority (SMA); the Broadcasting Commission; the Fair Trade Commission (FTC); and the Consumer Affairs Commission (CAC).

### **1. Evolution of the Telecommunications Industry in Jamaica and Role of OUR**

- 2.4 The Telecommunications Act of 2000 (the "Telecom Act") was implemented on March 1, 2000 and provides the framework through which the country's telecommunications market was opened gradually to competition. The objectives of the Telecom Act include the following: (a) to promote and protect the interests of the public; (b) to promote universal access to telecommunications services for all persons in Jamaica, to the extent that it is reasonably practicable to provide such access; and (c) to promote the telecommunications industry in Jamaica.
- 2.5 The Telecom Act is comprehensive, covering such issues as interconnection, tariffs, spectrum management, numbering, competitive safeguards, universal service and consumer protection. It aims to establish an open and competitive telecommunications market, bringing greater choice, reduced calling rates, and to encourage the deployment of services in Jamaica.
- 2.6 The liberalization of the telecommunication sector has led to the auction of licenses to two mobile operators and significant increases in both the number of mobile subscribers and licenses issued to telecommunications carriers and service providers. The number of mobile subscribers increased from less than 400,000 to

more than 1.7 million from April 2001 to October 2004. This increase in subscribers is supported by the issuance of about 380 licenses to new telecommunications carriers and service providers. The International Telecommunications Unit of the United Nations projects that combined teledensity will reach 74 percent in Jamaica in 2005, primarily attributable to growth in mobile telecommunications subscribers.

2.7 **The problem.** In spite of the progress achieved in the industry, the full benefits of liberalization have not been felt across the sector. Areas of concern include:

- a. The 2003 figure for the number of subscribers to the Internet (2.69 per 100 inhabitants) represents a very low figure.
- b. International and domestic leased circuit capacity continues to be expensive compared with other regions of the world. This is a problem for the ICT sector that requires cheap bandwidth to connect to suppliers and customers at home and overseas<sup>1</sup>.
- c. While calls between subscribers of the same operator are relatively cheap, communications between subscribers of different cellular networks or calling from a fixed telephone to a mobile telephone is expensive.

2.8 These concerns are a result of continuing structural problems and outstanding regulatory issues among which the following stand out:

- a. There continues to be basically one fixed line and local access provider. Also, there are no regulatory provisions to permit infrastructure sharing and local loop unbundling<sup>2</sup>, which would permit competing operators to provide local access in competition with C&WJ using C&WJ's facilities. Furthermore, the cable TV market that has island-wide coverage cannot provide alternative local access for telecommunications services, especially high speed Internet and Voice over Internet (VoIP).
- b. Smaller wireless access carriers, resellers and ISPs claim they have been unable to make a significant impact on the market because of anti competitive practices of the incumbent including predatory pricing, delay tactics, price and margin squeezing, and price and quality discrimination.

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<sup>1</sup> This problem is beginning to be resolved with the awarding of two new submarine cable landing licences late last year

<sup>2</sup> OFCOM, the UK communications regulator, explains local loop unbundling as follows: "Local Loop Unbundling (LLU) enables operators to connect directly to the consumer via BT's copper local loops and then add their own equipment to offer broadband and other services. This process involves operators accessing BT's local exchange buildings to connect to BT's network of copper lines which connect them to homes and businesses. There are two types of unbundled line: (i) A fully unbundled line gives operators the exclusive use of the copper line, and (ii) A shared access line only gives operators the use of the high frequency channel used for broadband and will also be used by the customer's fixed-line voice provider."



## **B. JUSTIFICATION**

- 2.9 The OUR has provided ongoing regulatory support with respect to the liberalization of the telecommunications sector. The current annual budget of the OUR is J\$177M or approximately US\$2.90M, which is funded from regulatory fees that are levied on operators in the industry. This budget level does not support the immediate activities necessary to develop sustainable competition in the industry. The development and drafting of needed regulation is time-sensitive, delays will have and adverse impact on the efforts to strengthen the industry profile.
- 2.10 The OUR must confront a number of regulatory challenges which have arisen as a result of the growth of the telecommunications industry. The OUR has identified the following priority areas which need urgent attention in order to address the above-mentioned challenges: (1) drafting of key enabling regulations as related to the Telecommunications Act and (2) human resources development in the specialized areas of telecommunications regulation and policy.
- 2.11 The regulatory capacity of OUR as it pertains to telecommunications needs to be strengthened. The OUR has done an admirable job of managing the liberalization of the sector to date; however, it needs support and strengthening to deal with specific issues such as:
- a. Implementing measures to prevent anti-competitive practices by the incumbent;
  - b. Putting in place measures to facilitate competition and entry including facilitating local loop unbundling, facilities sharing, and a fair, transparent and non-discriminatory numbering plan for Jamaica.
- 2.12 It is appropriate that this MIF project assist the OUR in the above-referenced areas through the provision of external consultancies and human resources development and capacity building. The drafting of key enabling regulations will strengthen the ability of OUR to provide a sustainable, competitive environment for the industry.
- 2.13 OUR requests funding from the MIF to address these areas and would serve as the counterpart agency. The project is part of the Market Development and Functioning Group and the Regulatory Framework Subgroup. The proposed initiative would complement the Information and Communications Technology Project (1438/OC-JA) through increased competition in telecommunications, thereby benefiting the ISPs and would similarly benefit the stakeholders of the Oceanic Digital Limited Project (1513/OC-JA).
- 2.14 Lessons learned: The proposed project addresses several important lessons that have been identified through the Evaluation of MIF projects in the sector. (1) The creation of adequate regulatory institutions is a lengthy process that requires a long-term commitment. The project addresses this concern as it is a second MIF

project with the Office of Utility Regulation, this time specifically concentrating on the telecommunications sector which has the most urgent need for support. (2) In project design, the importance of a clear definition of the issues to be resolved and of the expected results, with the understanding that private participation is only a means to improved quality, access and affordability of services. The project is designed to meet very specific regulatory capacity needs of the OUR: the main activities are focused to bring about actual improvement in regulatory capacity which complement ongoing initiatives to ensure knowledge transfer and long-term effectiveness. (3) Technical follow-up in the implementation from the Field Offices is critical. The project team from the Bank includes the specialist in the Country Office who was instrumental in the project design and approval process. This officer will also continue to play a crucial role in the implementation process, thereby ensuring effective execution.

### **III. PROGRAM DESCRIPTION**

#### **A. Objectives**

- 3.1 The **goal** of the program is to contribute to increased competition in the Telecommunications Sector in Jamaica. The **purpose** is to provide support to the OUR to improve the regulatory framework for this evolving sector and to promote the development of a sustainable competitive environment. This project will support the development and drafting of needed rules/regulations and will develop the human resource capacity of OUR.

#### **B. Description**

- 3.2 In order to achieve the program objectives, the proposed activities include the provision of technical assistance to improve the competitive environment in the telecommunications sector, technical assistance related to number administration, and human resources/capacity building. Embedded within Components I and II is training related to the transfer of knowledge between the Consultants and OUR staff. The detailed budget is set forth in Annex III.

#### **Component I: Improving the Competitive Environment (US\$220,000)**

- 3.3 This component will provide technical assistance and knowledge transfer (training) to the OUR to improve their capacity in the following specific areas:
- 3.4 Indirect Access allows competing operators and services providers (“competing carriers”) to offer domestic and international calling in competition with the incumbent. Since the latter generally do not have full networks that reach each potential customer, these customers have to use the incumbent’s network to reach the competing carrier’s switches from where the call is routed to its destination over their own or other domestic or international operators’ networks.

- 3.5 This activity is intended to complement work already undertaken or currently being undertaken by providing technical assistance to OUR to: clarify/verify information on existing switching and network functionalities; finalize the drafting of rules for indirect access; engage with and lead industry working group to determine and agree on modalities for implementing Indirect Access; put in place the necessary arrangements to monitor, enforce and, if necessary, resolve disputes related to indirect access; and train OUR staff to monitor, enforce, resolve disputes related to indirect access.
- 3.6 Competitive Safeguards have an impact on the ability of new entrants in the telecommunications market to offer competitive services. Included among the safeguards are costing and administrative procedures for incumbent provided facilities and services required by ISP, accounting separation, regulatory accounts and pricing of leased circuits. This Program would support the drafting of regulations for the establishment of these competitive safeguards.
- 3.7 Unbundling of the local loop (LLU)<sup>3</sup> and investigation of the pricing of essential inputs to the services of competitors such as ISPs. The project will finance a study to address:
- a. the potential for LLU to make access more easily available and affordable;
  - b. LLU within the Jamaican telecommunications sector.
  - c. the existing alternatives for local access;
  - d. the drawbacks of mandated LLU including the impact of imposed prices on investment in local infrastructure;
  - e. options for facility sharing which do not require price controls;
  - f. options for sharing the construction, operation and maintenance of new facilities.
- 3.8 Costing Model to determine prices for local loop elements which reflect the costs in providing LLU and which can be compared with costs in the region:
1. Consultative Document and Draft Regulations for LLU The Component I study should compare the different options for local access, discuss the advantages and disadvantages of each, compare costs, examine regulatory impediments that exist and suggest measures to overcome these. It should also elaborate on any situations unique to Jamaica.
- 3.9 The study should determine alternatives for encouraging the development of local access in Jamaica and making it available at affordable prices to the widest cross

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<sup>3</sup> The local loop is the wired connection from a telephone company's central office in a locality to its customers' telephones at homes and businesses

section of the population. The study would be carried out in light of experience in other parts of the world and could be undertaken as a collaborative effort and done in cooperation with the SMA. This activity should also have a training component of which dispute resolution would be an important part.

**Component II. Improving the provision and mechanisms for number administration (US\$240,000).**

- 3.10 Numbers are a scarce resource. To ensure fair competition, the administration of numbers must be done in a transparent, non-discriminatory and efficient way. This component will provide technical assistance for the OUR to implement the following activities:
- a. automate the allocation, assignment, recording and management of various numbers and codes allocated to Jamaica;
  - b. take over responsibly for administration of toll free numbers in Jamaica and determine which method of allocating toll free numbers is most appropriate;
  - c. provide training to OUR staff responsible for number and code administration.

**Component III. Human Resources Development and Capacity Building (\$140,000).**

- 3.11 Human resource development will be targeted to all levels of professional staff. Each year OUR will prepare a Knowledge Transfer Implementation Plan and submit it to the Bank for approval. The Plan will detail the assignment of OUR staff for each project component. Topics to be included in the training program are general telecommunications policy issues, advanced policy and regulation topics, and various levels of telecommunications regulation. Anticipated benefits include faster regulatory decisions, an improvement in the competitive environment, reduced complaints of regulatory inefficiencies and an even more attractive telecommunications investment environment.
- 3.12 It is anticipated that the training will include general type classes for entry, mid-level and senior level professionals. It will also include specialized courses such as Consumer protection in telecommunications; Costing, pricing and interconnection; Technical certification in various IT applications; Dispute resolution; and Universal access.

**Component IV. Regulation of Submarine Fiber Facilities (\$290,000).**

- 3.13 This activity supports the development of a comprehensive, fair, and transparent regulatory environment for submarine fiber facilities (submarine cable). This initiative should encourage additional investment for increased capacity and promote competition. This activity is funded fully by and will be monitored by USTDA.

#### IV. PROJECT COST AND FINANCING

- 4.1 Total project costs are estimated at US\$ 925,000, which includes US\$ 500,000 in financing from the MIF, US\$ 290,000 from United States Trade Development Agency (USTDA) and US\$ 135,000 from the GOJ of which an estimated US\$ 90,000 will be in kind and US\$ 45,000 in cash. The execution time is 36 months.

Components	MIF US\$	GOJ US\$	USTDA US\$	TOTAL US\$
1. Component I – Improving the Competitive Environment	185,000	35,000		220,000
2. Component II – Improving the provision and mechanisms for number administration	185,000	55,000		240,000
3. Component III –Human Resources Development and Capacity Building	85,000	45,000		140,000
4. Component IV - Submarine cable regulation	-	-	290,000	290,000
5. Evaluation and Audit	20,000	-	-	20,000
6. Contingency	25,000	-	-	15,000
<b>TOTAL</b>	<b>500,000</b>	<b>135,000</b>	<b>290,000</b>	<b>925,000</b>

#### V. EXECUTING AGENCY AND EXECUTING STRUCTURE

##### A. Executing Agency

- 5.1 The executing agency is the OUR. The OUR is composed of a Director General and two Deputy Director Generals and 42 additional staff. The Regulatory Affairs Manager will be the Project Manager for this operation. In addition, a Team of an estimated four individuals with expertise in administration, , financial management, procurement and training coordination support will work with the Project Manager. Collectively, these individuals will be referred to as the OUR Project Team.
- 5.2 The OUR has extensive experience working with International Financial Institutions. These institutions include MIF, CIDA, DFID, UNDP and the World Bank. The Technical Cooperation ATN/MT-4529-JA financed the establishment of the OUR and was implemented successfully.

**B. Executing Mechanism**

- 5.3 The OUR Project Team will be responsible for project execution as follows: (i) preparing and submitting disbursement requests to the Bank, as well as the corresponding justification of expenditures; (ii) maintaining adequate financial, accounting and internal control systems that allow the identification of the sources and uses of project funds, provides documentation to verify transactions, and permits the timely preparation of financial statements and other financial reports; (iii) preparing and submitting periodic financial accounting reports to the Bank; and (iv) maintaining an adequate disbursements and contracting supporting documentation filing system for eligible project expenditures.

**C. Program implementation readiness**

- 5.4 The OUR has agreed to act as the Executing Agency for the project and has assigned a team to work on the project. The project was designed by the Bank in conjunction with the OUR and the Planning Institute of Jamaica. The draft terms of reference for the consultancies were developed by the OUR in consultation with the Bank. The OUR has proven evidence in managing counterpart resources and they have extensive experience in the implementation IFI funded projects and the Project is in an advanced state of program implementation readiness.

**D. Execution period and disbursement schedule**

- 5.5 All selection and contracting of services and acquisition of goods will be carried out by OUR in accordance with Bank policies and procedures.

**VI. MONITORING AND EVALUATION**

- 6.1 ***Monitoring and Evaluations.*** Within three months of the signature of the technical cooperation agreement, the Bank, will contract a consultant to conduct an evaluation of the project. This consultant will be responsible to: (i) establish baseline success indicators and review the Logical Framework performance targets; (ii) undertake a midterm review to assess overall progress vis-à-vis program work plan and performance indicators; (iii) identify problem areas and make recommendations for remedying same; (iv) analyze participant evaluations of training received; (v) assess overall mechanism used for knowledge transfer; and (vi) undertake final evaluation within three months of project's termination. The OUR Project Team will be responsible for the collection of data during the project execution period to facilitate the task of the evaluation consultant.
- 6.2 ***Technical and basic responsibility.*** The Bank's Country Office in Jamaica will be responsible for performing oversight, contract administration, processing disbursement requests and receiving audited financial statements.

- 6.3 ***Progress and final reports.*** Progress reports on the execution of the project will be presented to the Bank within 30 days following the end of each semester. The reports will be prepared in accordance with the Bank reporting guidelines.
- 6.4 ***Training and Knowledge Transfer.*** The OUR Project Team will be responsible for conducting participant evaluations of all the training provided under Component III and knowledge transfer for each subject matter under Components I and II. Component IV will be evaluated and monitored through USDTA. The findings of these evaluations will be included and analyzed in the progress reports mentioned above and will be analyzed as one of the activities to be done by the evaluation consultant. The OUR Project Team will take into consideration the results of the participants' evaluation and make appropriate changes in the training programs and other mechanisms for knowledge transfer.
- 6.5 ***Financial Audits.*** The OUR Project Team will be responsible for keeping updating accounting records. Financial statements, audited by a firm of independent public accountants acceptable to the Bank, will be submitted during the program execution. These audited financial statements will be presented within 90 days of the end of the corresponding fiscal year with the exception of the final statements, which will be submitted within 90 days of the last disbursement.

## VII. PROGRAM BENEFITS AND RISKS

- 7.1 ***Program benefits and developmental impacts.*** The training and the specific consultancies to be undertaken should result in significant improvements in the OUR regulatory capacity. This in turn should result in; (i) faster regulatory decisions; (ii) an improvement in the competitive environment; (iii) reduced complaints of regulatory inefficiencies; and (iv) an even more attractive telecommunications investment environment.
- 7.2 ***Target Beneficiaries.*** The direct beneficiary is the Office of Utilities Regulations. The indirect beneficiaries are the Telecommunications companies, ISPs, other telecommunications stakeholders, private sector, public sector and civil society.
- 7.3 ***Risks.*** There are several regulatory bodies with influence over the telecommunications sector or service providers. The GoJ has future plans to consolidate these dispersed responsibilities and to create a single regulatory agency for telecommunications and communications. The creation of this single-body regulator is to be financed with the proceeds of the previously cited loan 1438/OC-JA. A Technical Working Group was appointed by the Information Technology Sub-Committee of Cabinet to consider the steps and phases for establishing the Single Regulator. The Group will present recommendations to the IT Sub-Committee in October 2005 that will be used to prepare a Cabinet submission. The benefits to accrue under this proposed technical cooperation would be transferable to the new regulatory agency since the plan is that the telecommunications section of the OUR will be moved to the single regulator.

## VIII. ENVIRONMENTAL AND SOCIAL ISSUES

- 8.1 CESI reviewed the Project profile on August 5, 2005 with no comments. The regulatory framework to be developed is expected to address the environmental and social issues involved in the provision of telecommunications services by the private sector. The submarine cable regulations require applicants for the construction of the submarine cable facilities to demonstrate that they are apprised of the necessary National Environmental and Planning Agency (NEPA) requirements. Additionally, applicants must indicate explicitly the steps they propose to take to comply with these requirements. The granting of the license will also be contingent on receipt of all relevant approval from NEPA for the proposed project. Furthermore, preference shall be given to those proposals that will result in minimum disruption to the environment.



<b>JA-M1004: STRENGTHENING COMPETITION IN THE TELECOMMUNICATIONS. SUPPORT TO THE OFFICE OF UTILITIES REGULATION (OUR) (JA-M1004) LOGICAL FRAME WORK</b>			
<b>NARRATIVE SUMMARY</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<b>GOAL</b>			
Contribute to increase competition in the telecommunications sector in Jamaica.	Three years after the end of project execution: <ul style="list-style-type: none"> <li>• The average cost of telecommunication services (cell, internet, etc.) falls by 15%.</li> <li>• Number of internet subscribers increases by 10 %</li> <li>• There is a 10% reduction in the Internet Service market share of C&amp;WJ, which is the current dominant operator.</li> </ul>	1. International Telecommunications Union Statistics.  2. Records of the OUR and the Ministry of Commerce, Science and Technology	<ul style="list-style-type: none"> <li>▪ Macroeconomic situation in Jamaica is stabilized (low inflation and declining debt/GDP ratio).</li> <li>▪ Open environment for private investment in Jamaica is maintained.</li> </ul>
<b>PURPOSE</b>			
The regulatory framework for the rapidly evolving telecommunications sector is improved.	1. By the end of project execution, the number of reports about anti-competitive practices by the incumbent regarding the priority areas addressed under this project is reduced by 30% due to the new regulations and the implementation of mechanisms to monitor compliance with the rules/ regulations.  2. By the end of project execution, the time spent on processing each application for numbers is reduced by 50%.  3. By the end of project execution, there is a 15% decrease in the time taken to make regulatory decisions.  4. By the end of project execution, there is a 10% decrease in complaints about regulatory ineffectiveness.	<ul style="list-style-type: none"> <li>• Project Progress reports</li> <li>• Documents in the OUR file on the OUR website</li> <li>• Mid-term Review</li> <li>• Final Evaluation</li> <li>• PCR</li> <li>• PPMR</li> </ul>	<ul style="list-style-type: none"> <li>▪ Parliament approves the rules and regulations.</li> <li>▪ Open environment for private investment in Jamaica is maintained.</li> <li>▪ The statutory or institutional changes are effected to allow the FTC to carry out its statutory role in the telecommunications sector</li> <li>▪ Enforcement of penalties for non-compliance to rules and regulations.</li> </ul>

<b>JA-M1004: STRENGTHENING COMPETITION IN THE TELECOMMUNICATIONS. SUPPORT TO THE OFFICE OF UTILITIES REGULATION (OUR) (JA-M1004) LOGICAL FRAME WORK</b>			
<b>NARRATIVE SUMMARY</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<b>OUTPUTS</b>			
1. Improving the Regulatory mechanisms.	1.1 By the end of year 2, fifty percent (50%) of the staff responsible for monitoring, enforcing and resolving disputes related to indirect access is trained. 1.2 By the end of the project execution, there is a 20% reduction in the time taken to resolve indirect access disputes. 1.3 By the end of year 2, there is a 10% reduction in the time taken to resolve anti-competitive safeguard disputes. 1.4 By the end of the project execution, there is a 25% reduction in the time taken to resolve anti-competitive safeguard disputes.	1.1 Project Progress Report and PEU records/reports/website. 1.2 Final evaluation 1.3 Midterm evaluation 1.4 PCR 1.5 PPMR 1.6 Progress Reports 1.7 Audit Reports	<ul style="list-style-type: none"> <li>▪ Parliament approves the rules and regulations.</li> <li>▪ The statutory or institutional changes are effected to allow the FTC to carry out its statutory role in the telecommunications sector</li> <li>▪ The industry-working group is committed to improving the competitive environment of the sector.</li> </ul>
2. The provision and mechanisms for number administration.	2.1 By the end of project execution, the number allocation process is fully automated. 2.2 By the end of year 2, knowledge transfer and training are provided to 25% of the staff responsible for number administration. 2.3 By the end of project execution, knowledge transfer and training are provided to at least 50% of the staff responsible for number administration.	2.1 Project Progress Report 2.2 Final evaluation 2.3 Midterm evaluation 2.4 PCR 2.5 PPMR 2.6 Audit Reports 2.7 Number administration system	<ul style="list-style-type: none"> <li>▪ The current regulations / Act supports the transfer of toll-free number administration to the OUR.</li> </ul>

<b>JA-M1004: STRENGTHENING COMPETITION IN THE TELECOMMUNICATIONS. SUPPORT TO THE OFFICE OF UTILITIES REGULATION (OUR) (JA-M1004) LOGICAL FRAME WORK</b>			
<b>NARRATIVE SUMMARY</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
3. Human Resources and OUR capacity building.	3.1 By the end of year 2, 30% of the technical staff is trained in general and specific telecommunications courses as outlined in the annual training programs. 3.2 By the end of project execution, 50% of technical staff are trained in general and specific telecommunications courses as outlined in the annual training programs	3.1 Project Progress Report 3.2 PEU records/report/website. 3.3 Final evaluation 3.4 Midterm evaluation 3.5 PCR 3.6 PPMR 3.7 Audit Reports 3.8 Training evaluations 3.9 Human Resources Report	<ul style="list-style-type: none"> <li>▪ The staff is available to attend training courses.</li> </ul>

<b>JA-M1004: STRENGTHENING COMPETITION IN THE TELECOMMUNICATIONS. SUPPORT TO THE OFFICE OF UTILITIES REGULATION (OUR) (JA-M1004) LOGICAL FRAME WORK</b>			
<b>NARRATIVE SUMMARY</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<b>ACTIVITIES</b>			
1.1 Complete recommendations of secondary legislation for enhancement of competition 1.2 Review the current provisions for interconnection and market access 1.3 Complete assessment and implementation of Indirect Access 1.4 Complete analysis and implement regulatory Accounts for C&W 1.5 Provide advice on local loop unbundling and 1.6 Assist the OUR to develop clear policies for number administration service.	<ul style="list-style-type: none"> <li>▪ A report with options for ensuring competitive safeguards is prepared by the consultant by the end of year 1.</li> <li>▪ Written instructions for drafting and finalizing rules for indirect access and competitive safeguard are finalized by year 2.</li> <li>▪ Report on the options for unbundling the local loop in Jamaica is finalized by year 2.</li> <li>▪ Report on the procedures, systems and tools for monitoring and ensuring compliance with the rules and regulations is finalized by year 2.</li> <li>▪ Formal training courses designed for the systems and tools for compliance with indirect access and competitive safeguard rules developed by year 3.</li> <li>▪ Participants' evaluations of knowledge transfer mechanism at the end of each consultancy.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Copies of consultants' reports.</li> <li>▪ Project Progress Report and PEU records/report/website.</li> <li>▪ PPMR</li> </ul>	<ul style="list-style-type: none"> <li>▪ Counterpart resources are provided in a timely manner.</li> <li>▪ GOJ and OUR continue to be committed to the Project.</li> </ul>

<b>JA-M1004: STRENGTHENING COMPETITION IN THE TELECOMMUNICATIONS. SUPPORT TO THE OFFICE OF UTILITIES REGULATION (OUR) (JA-M1004) LOGICAL FRAME WORK</b>			
<b>NARRATIVE SUMMARY</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
2.1 Analyze, recommend, develop and implement an appropriate number administration system.  2.2 Develop an automated numbering administration system	<ul style="list-style-type: none"> <li>▪ Report detailing the user and functional requirements developed by year 1.</li> <li>▪ Report detailing the hardware and software specifications developed by year 1.</li> <li>▪ Development and testing of system by year 2.</li> <li>▪ The implementation of the system and user training by year 3.</li> <li>▪ System support manuals and maintenance programs developed by year 3.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Copies of consultants' reports.</li> <li>▪ Project Progress Report and PEU records/report/website.</li> <li>▪ Number administration system.</li> <li>▪ PPMR</li> </ul>	<ul style="list-style-type: none"> <li>▪ Counterpart resources are provided in a timely manner.</li> <li>▪ GOJ and OUR continue to be committed to the Project.</li> </ul>
3.1 Annual Training Plans developed 3.2 Staff trained 3.3 Training courses evaluated.	<ul style="list-style-type: none"> <li>▪ Three annual training plans are approved by year 3.</li> <li>▪ At least 75% of the staff identified for training is trained as per the annual training plan.</li> <li>▪ At least 90% of staff trained completes the evaluation of training course taken.</li> <li>▪ At the end of each year, an Assessment report prepared during the feedback of the participants.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Progress Report and PEU records/report/website.</li> <li>▪ PPMR</li> </ul>	<ul style="list-style-type: none"> <li>▪ Counterpart resources are provided in a timely manner.</li> <li>▪ Participants are available to attend training courses.</li> </ul>

**STRENGTHENING COMPETITION IN TELECOMMUNICATIONS:  
SUPPORT TO THE OFFICE OF UTILITIES REGULATIONS (JA-M1004)**

**INTERMEDIATE INDICATORS**

Indicators	Year 1	Year 2	Year 3
Number of reports of anti-competitive practices	X	X	X
Time spent processing applications for numbers	X	X	X
Time taken to make regulatory decisions	X	X	X
Number of complaints about regulatory ineffectiveness	X	X	X
Number of staff responsible for Indirect Access who have been trained	X	X	X
Time taken to resolve indirect access disputes	X	X	X
Time taken to resolve anti-competitive safeguard disputes	X	X	X
The drafting of rules for indirect access		X	
The enactment of rules for indirect access			X
The drafting of regulations for the establishment of competitive safeguards		X	
The enactment of regulations for the establishment of competitive safeguards			X
Completion of Local Loop Unbundling study		X	
Number of staff trained in dispute resolution for local loop unbundling		X	X
Number of staff responsible for Number Administration who have been trained	X	X	X

**STRENGTHENING COMPETITION IN TELECOMMUNICATIONS:  
SUPPORT TO THE OFFICE OF UTILITIES REGULATIONS (JA-M1004)**

**INTERMEDIATE INDICATORS**

Indicators	Year 1	Year 2	Year 3
The percentage completion of the automation of the number administration system	<b>X</b>	<b>X</b>	<b>X</b>
The transfer of responsibility of toll free numbers to the OUR	<b>X</b>	<b>X</b>	
Number of technical staff trained in general and specific telecommunications courses	<b>X</b>	<b>X</b>	<b>X</b>
Number of staff trained by knowledge transfer from the various consultancies	<b>X</b>	<b>X</b>	<b>X</b>
Number of persons to be trained as per the Annual Training Plan	<b>X</b>	<b>X</b>	<b>X</b>
Drafting of regulations for the Submarine Fiber Facilities		<b>X</b>	
Enactment of regulations for the Submarine Fiber Facilities			<b>X</b>

**JAMAICA (M1004)**  
**STRENGTHENING COMPETITION IN TELECOMMUNICATIONS:**  
**SUPPORT TO THE OFFICE OF UTILITIES REGULATION**

**DETAILED PROGRAM BUDGET**

<b>COMPONENT I<sup>1</sup></b>			
A. Indirect Access			\$ 42,000
<u>Calculations</u>			
Consultancy:	25 days @ \$1,200/day	\$30,000	
Expenses:	2 people with 2 trips each for a total of 10 days each	\$12,000	
B. Competitive Safeguards			\$ 73,000
<u>Calculations</u>			
Consultancy:	52 days @ \$1,200/day	\$62,400	
Expenses:	1 person with 4 trips each for a total of 15 days each	\$10,600	
C. Local Loop Unbundling			\$ 85,000
<u>Calculations</u>			
Consultancy:	56 days @ \$1,200/day	\$67,200	
Expenses:	2 people with 3 trips each for a total of 15 days each	\$17,800	
D. Contingency			\$ 20,000
<b>TOTAL COMPONENT I</b>			<b>\$220,000</b>
<b>COMPONENT II<sup>2</sup></b>			
A. Toll Fee Number			
Administration			
<u>Calculations</u>			
Consultancy:	66 days @ \$1,200/day	\$79,200	
Expenses:	2 people with 3 trips each for a total of 15 days each plus software (\$25,000)	\$42,800	\$122,000
B. Automatic of Central Code			
Administration			\$ 98,000
<u>Calculations</u>			
Consultancy:	20 days @ \$1,200/day	\$24,000	
Expenses:	2 people with 2 trips each for a total of 10 days each plus software (\$62,000)	\$74,000	
C. Contingency			\$ 20,000
<b>TOTAL COMPONENT II</b>			<b>\$240,000</b>
COMPONENT III	57 participants in training over three year period		\$140,000
Training and Staff			
Development			
Evaluation			\$ 10,000
Audit			\$ 10,000
Contingency			\$ 15,000
COMPONENT IV			\$290,000
Submarine Cable Regulation <sup>3</sup>			
<b>TOTAL</b>			<b>\$925,000</b>

<sup>1</sup> Embedded within Components I and II is a training component related to the transfer of knowledge between the Consultants and the OUR staff.

<sup>2</sup> See footnote 1

<sup>3</sup> This activity is funded fully through USTDA.



**STRENGTHENING COMPETITION IN TELECOMMUNICATIONS:  
SUPPORT TO THE OFFICE OF UTILITIES REGULATION  
(JA-M1004)**

**Related Projects in Jamaica**

**A. Similar or related MIF projects.**

<b>Project number and date of approval</b>	<b>Project name, executing agency, and amount</b>	<b>Date of signature and disbursement period in months</b>	<b>Percentage disbursed</b>	<b>Comments</b>
ATN/MT-4529-JA  May 18, 1994	Establishment of the Office of Utilities Regulation  Establecimiento de la Office of Utilities Regulation  Ministry of Public Works, Mining and Energy  US\$1,452,000 MIF Contribution	June 24, 1998  42 (original) 60 (with 18 month extension)	100%	The project concluded satisfactorily and met its development objectives.
ATN/MT-9003-JA  December 9, 2004	Strengthening the Jamaica Fair Trading Commission  Fortalecimiento Comisión de libre competencia de Jamaica  The Jamaica Fair Trading Commission (JFTC)  US\$304,000 MIF Contribution	March 17, 2005  42 months	10%	The Technical Cooperation was approved on Dec. 9, 2004 and the Agreement signed on March 17, 2005. The operation became eligible for first disbursement on April 25, 2005. Activities have commenced for Component 1. Activities for Components 2 and 3 will start in Q3.

**B. Similar or related Bank project.**

<b>Project number and date of approval</b>	<b>Project name, executing agency, and amount</b>	<b>Date of signature and disbursement period in months</b>	<b>Percentage disbursed</b>	<b>Comments</b>
1438/OC-JA	Information and Communications Technology  Ministry of Commerce, Science and Technology  US\$8.5 million – IDB US\$6.0 MILLION – Counterpart	June 25, 2003  5 years	6.67%	
1513/OC-JA	Oceanic Digital Jamaica  Oceanic Digital Jamaica Limited  US\$30.0 million – IDB A Loan	March 17, 2004	100%	

**C. Projects related to the same sector or beneficiary group.**

See table A above.

## ANNEX V

MULTILATERAL INVESTMENT FUND										
JAMAICA MIF PORTFOLIO										
No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
1	MIF/AT-2	TC9307118	ATN/MT-4408-JA	Employee Stock Ownership Program (ESOP)	NIBJ	I	08-Dec-93	Completed	1,039,885	100.00
2	MIF/AT-10	TC9309114	ATN/MT-4529-JA	Establishment of the Office of Utilities Regulation	MME	I	18-May-94	Completed	1,447,651	100.00
3	MIF/AT-13	TC9306483	ATN/MH-4630-JA	Human Capital Development Pilot Project	WFDC	II	10-Aug-94	Completed	3,476,740	100.00
4	MIF/AT-32	TC9308025	ATN/ME-4763-JA	Institutional Strengthening of the Jamaican Cooperative Credit Union	CUL	IIIa	14-Dec-94	Completed	1,707,038	100.00
5	MIF/AT-34	TC9409469	ATN/MH-4849-JA	Computer-Aided Technology and Training	JCSEF	II	15-Feb-95	Completed	1,000,000	100.00
6	MIF/AT-49	TC9502148	ATN/MT-4985-JA	Airport Privatization	AAJ	I	09-Aug-95	Completed	472,647	100.00
7	MIF/AT-100	TC9603194	ATN/MH-5416-JA	Support for the Development of a Tourism Human Resources Management System in Jamaica	JHTA	II	20-Nov-96	Completed	1,427,675	100.00
8	MIF/AT-141	TC9703259	ATN/MT-5735-JA	Institutional Support for FINSAC	FINSAC	I	29-Oct-97	Completed	1,237,422	100.00
9	MIF/AT-239	TC9812012	ATC/MT-6398-JA	Private Participation in Water Sector	NWC	I	24-Feb-99	Cancelled	0	0.00
10	MIF/AT-248	TC9807390	ATN/MT-6501-JA	Institutional strengthening of road concessions program	MTW	I	12-May-99	Cancelled	0	0.00
11	MIF/AT-424	TC0008024	ATN/MH-7515-JA	Quality, Environmental and HACCP System Implementation in SMEs	JBS	II	18-Jul-01	In execution	800,000	6.80
12	MIF/AT-476	TC0203014	ATN/MT-7902-JA	Strengthening Airport Security	AAJ	I	10-Jun-02	In execution	405,500	82.02
13	MIF/AT-512	TC0205009	ATN/MT-8113-JA	Improving Accountancy Profession	ICAJ	I	20-Nov-02	In execution	665,000	14.71
14	MIF/AT-633	JA-M1002	ATN/MT-9003-JA	Strengthening the Fair Trading Commission	FTC	I	09-Dec-04	In execution	304,000	0.00
Total MIF Amount								13,983,557		

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-\_\_\_/05

Jamaica. Nonreimbursable Technical Cooperation ATN/MT-\_\_\_-JA  
Strengthening Competition in Telecommunications: Support to the  
Office of Utilities Regulation (OUR)

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Jamaica, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-\_\_\_ with respect to a technical cooperation for the strengthening competition in telecommunications: support to the Office of Utilities Regulation (OUR).

2. That up to the amount of US\$500,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/JA-607431-05  
JA-M1004