

Technical Cooperation Document

I. BASIC INFORMATION FOR TC

▪ Country/Region	Regional
▪ TC Name	Broadband as a tool for Creative Industries in Jamaica and Trinidad & Tobago
▪ TC Number	RG-T2627
▪ Team Leader/Members	Ignacio L. De Leon, Team Leader (IFD/CTI); Maria Olivia Humphreys (IFD/CTI); Maria Sofia Greco (LEG/SGO); Kayla Grant (IFD/CTI); Ady Beitler (INT/TIU); Alejandra Luzardo (EXR/EXR); Jaiwatee Anganu (IFD/CMF); Enrique Iglesias Rodriguez (IFD/CMF); Rajiv Ebanks (CCB/CJA); Priya Ramsumair (CCB/CCT); Mariela Rizo (IFD/CTI)
▪ Taxonomy	Client Support
▪ Date of TC Abstract authorization	May 8 th , 2015
▪ Beneficiary	Jamaica, Trinidad & Tobago
▪ Executing Agency and contact name	Inter-American Development Bank, through the Competitiveness and Innovation Division (IFD/CTI). Contact: Ignacio L. De Leon
▪ Donors providing funding	Broadband Special Program, also known as Broadband Initiative (BBD)
▪ IDB Funding Requested	US\$300,000
▪ Local counterpart funding, if any	No
▪ Disbursement period	30 months
▪ Required start date	December 2015
▪ Types of consultants	Firms and individuals
▪ Prepared by Unit	IFD/CTI
▪ Unit of Disbursement Responsibility:	IFD/CTI
▪ TC Included in Country Strategy:	Yes
▪ TC included in CPD:	No
▪ GCI-9 Sector Priority:	Institutions for Growth and Social Welfare; Support Competitive Global and Regional Integration; Small and Vulnerable Countries

II. OBJECTIVES AND JUSTIFICATION OF THE TC

- 2.1 This program is intended to expand the use and adoption of ICT and broadband by the creative industries in Jamaica and Trinidad & Tobago, through the promotion of business models of Small and Medium Enterprises (SMEs) engaged in innovations and technologies that add value to the creative economy and boost the visibility of the creative industry as a profitable business source. By promoting businesses that use Information and Communication Technologies (ICT) and broadband, providers and authorities are incentivized to perfect their practices, generating a virtuous cycle of technological advancement –and working with the countries’ existing assets; in this case, capacities in the creative industries.
- 2.2 The growth of creative industries¹ is about the promotion of talent and imagination as much as about physical goods, as the *creations* need to be materialized, displayed, communicated, marketed and commercialized². Film producers, for example, need a certain amount of reliable bandwidth to be able to upload and distribute videos in the

¹ For a definition of creative industries, see the [UN Conference on Trade and Development \(UNCTAD\)](#).

² The positive correlation between broadband subscriptions and productivity can be found in García Zaballós, Antonio: Socioeconomic impact of broadband in Latin American and Caribbean countries. IADB, 2012.

newest format available; poor telecommunication infrastructure and inadequate competition may lead to relatively higher connectivity costs and threaten the competitiveness of said producers seeking to distribute their content in the global market. Given the fast pace of changes in ICT, innovation policies, as applied to creative industries, should concern themselves with the devices and tools necessary to produce high-quality marketable creative content.

- 2.3 Studies emphasize the Caribbean region's need to shift towards a more diverse and sophisticated basket of exports³, but the region's small island developing economies face important market and scaling constraints due to their small size. Bringing support to creative industries could circumvent those constraints; but raw talent is not enough to compete, and product development has been hampered by relatively high cost and inadequate quality of ICT services and limited broadband access⁴⁻⁵. Policy interventions for creative industries are challenged by limited specific data; quantification of their output usually rests on proxy indicators, the most common one being copyright. In Jamaica, copyright protected industries contribute with 4% of the GDP and 3% to employment; in Trinidad and Tobago, the contributions amount to 4.8% and 5%, respectively⁶. Recent policies that focus on the cultural industries demonstrate that both countries realize the importance of tapping into their population's creative talent as a resource, and are already taking steps to favor their creative industries (Jamaica, for example, provides tax reliefs for the audiovisual business). The next crucial step for global competitiveness of their creative industries is to address the roadblocks that impede such talent to bear fruit⁷.
- 2.4 This Technical Cooperation will supply the knowledge, experience, methodology and tools to perform a comprehensive assessment of existing assets, as well as of the demand side of broadband and its associated technology, so as to promote a more effective connection between the development of broadband and that of the industry it should serve in order to bring new channels for economic progress in the region. In parallel, this project intends to reinforce the technical capabilities of both Jamaica's and Trinidad & Tobago's authorities so that improved network access is accompanied by a competitive landscape in the provision of broadband.

³ Creative Industries in the Caribbean: a new road for diversification and export growth. ECLAC, 2012. The study also shows that the export share in the world trade of the audiovisual sector of CARICOM countries grew from 0,002% in 2003-2004 to 0,008% in 2007-2008; and that, together, Jamaica, Trinidad and Tobago and Barbados account for 66% of the total CARICOM creative economy.

⁴ Ibid.

⁵ Figures of the International Telecommunication Union indicate that in Jamaica only 5 in 100 people are users of fixed (wired) broadband connection, and only 2 in 100 people possess a mobile broadband connection. For Trinidad and Tobago, such numbers are 14.5 and 2, respectively (2014, International Telecommunications Union). According to DigiLAC, Jamaica and Trinidad and Tobago have a similar Broadband Development Index, getting 4.29 and 4.14 points (out of a maximum of 8), respectively. In strategic regulation they differ, with Jamaica obtaining 6.04 points and Trinidad and Tobago only 3.98. The World Economic Forum Competitiveness Report ranks Jamaica in place 85 and Trinidad and Tobago in place 65 (both out of 144) in ICT use.

⁶ IADB, SICLA database: <http://sicla.org/plataforma/en/estadisticas>

⁷ In the World Economic Forum Competitiveness Index, both Jamaica and Trinidad and Tobago rank in the lower half of the innovation scale; while the Global Entrepreneurship Monitor indicates that the early-stage entrepreneurial activity for 2014 is of 19.27% in Jamaica and 14.62% in Trinidad and Tobago. But that same index shows that the entrepreneurial intention in both countries has experienced a progressive rise over the past years, which suggests that interventions such as the present one may fall on fertile ground.

- 2.5 To ensure better control of the environment and outcome, the project shall concentrate its efforts on audiovisual products, encompassing their artistic, technical and related aspects; from content development, to digital animation and film production –all with a crosswise focus on the generation of businesses and industry knowledge out of said activities. The sector selection is explained by (a) audiovisual products being notably affected by broadband access and cost, as they may be marketed and distributed solely through the Internet (as opposed to, for example, fashion design, where clothing items ultimately need to be physically shipped); (b) The possibility of, in time, positioning both countries not only as sources of production, but also as hubs for foreign developers, which would entail the coordinated work of an array of sectors, (arts, technology, education, laws, among others), thus going beyond an isolated intervention, creating new jobs and instilling a more sophisticated, business-oriented view of creative production; and (c) the fact that audiovisual products are excellent vehicles to inform the world of a community's issues, idiosyncrasies and advantages. Additionally, from an operative perspective, the areas identified above enhance the project's outlook for dissemination and attraction of recipients and funding, since the talent that will be harvested and incubated may be directed to such purposes as an exercise on the potential of creative delivery and the importance of broadband for marketing.
- 2.6 The Bank has been increasingly involved in the issue of broadband and of creative industries in the Caribbean, through other projects that are relevant as they build the foundations for more specific interventions such as the one presented herein. These projects do benefit creative industries, but rather through a spillover effect than through the targeted intervention that is necessary to bring out their business potential⁸.
- 2.7 This TC is consistent with two of the objectives of the Broadband Special Program (BBD) –strengthening institutional capacity regarding of universality in access, adoption and usage of broadband services, and building such capacity for the development of apps and software for instructional purposes. Also, it is fully in line with the Bank's Broadband Initiative and its strategy to accelerate broadband deployment and use in the Region and, in particular, with three of the four Broadband Special Program 2015 allocation criteria⁹.
- 2.8 At the same time, it addresses the call in the GCI-9 to focus on strengthening private sector entities and SMEs through bolstering public institutions. Thus, this TC is in accordance with the Innovation, Science and Technology Sector Framework Document (GN-2791-3), in dealing with the special case of innovation in services and ICT. Furthermore, the project is aligned with the Strategy on Social Policy for Equity and Productivity (GN-2588-4) on the objectives of improving the functioning of labor markets (particularly through reducing informality) and fostering social inclusion with identity; with the Sector Strategy Institutions for Growth and Social Welfare (GN-2587-2) in the

⁸ In effect, of such projects, the ones working on broadband and ICT (namely, RG-T2272, RG-T2212, JA-T1079, TT-M1009) deal with general aspects of access and use, without focusing on specific market failings, nor a specific industry. Others, such as TT-L1038 and TT-L1043 look also to the modernization of SMEs in general, without a particular aim to boost creative industries, nor a specific connection between these and broadband usage. Finally, TT-M-1021 is specific on the Trinidadian masquerade industry, which may provide content, but is not equal, to the broader audiovisual industry that this TC aims to reach. See Annex IV hereof for a more detailed explanation on project content and interactions.

⁹ (i) Meeting the countries' demand through applications that promote the use and adoption of broadband; (ii) meeting the needs of countries in the Caribbean region; and (iii) supporting the operational program.

objective of enhancing the productivity and growth of SMEs and also in the aim of strengthening institutions for innovation and technological development; and with the Sector Strategy to Support Competitive Global and Regional Integration (GN-2565-4) as it seeks to promote exports and attract investment to the software industry.

- 2.9 Finally, this TC is consistent with the Bank's strategy for Jamaica -currently in preparation-¹⁰ as well as with that for Trinidad and Tobago.¹¹

III. DESCRIPTION OF ACTIVITIES/ COMPONENTS AND BUDGET

- 3.1 **Component 1. Assessment of use of broadband by creative industries.** This component will assess the current state of broadband needs, access, and use, identifying the obstacles that may impair the effective use of the infrastructure by SMEs in creative industries. It will include: (i) a survey to determine the demand needs and usage of broadband by the audiovisual industries. The results will be cross-referenced with a mapping of broadband infrastructure deployment and access, in order to identify strong provision areas as well as service gaps; (ii) the identification of competition aspects that may improve market access by audiovisual development firms, and of future studies or assessments to shed more information about potential areas for policy action; (iii) a capacity building plan for relevant authorities in the target countries to review any regulatory or competition obstacles to the provision of broadband, and to inform of policy initiatives that may support the creative capital of the countries. This component shall be completed within 5 months from the project's commencement.
- 3.2 **Component 2. Development of business models for the use of broadband in creative industries.** This component is intended to advance the practical use of broadband through the development of business models that may improve the former's interaction with audiovisual production. It includes: (i) drawing up of an action plan for partnering with incumbent broadband providers servicing the relevant creative industries areas; (ii) preparation of a *hackathon* of creative entrepreneurs (selected through an application process where an idea or prospective model shall be presented) the brainstorming, identification or scouting, selection and initial development of innovative models and technological tools for increasing the use of broadband in the targeted creative industries; (iii) support of incubation activities of Jamaican and Trinidadian producers to develop skills in the pre-production, development, post-production and marketing of audiovisual products, through a course and mentorship program, the experience of which will be afterwards presented in a case-study publication; (iv) preparation of a toolkit that will contain a methodology and criteria for selecting creative business ideas with commercialization potential in the areas of audiovisual production, their incubation, and best commercial strategies for supporting their dissemination; and (v) a proposal to attract match funding from local, regional, or international organizations in order to increase the sustainability of the incubation and marketing activities included in this project. This component shall last between 18 and 20

¹⁰ The Country Strategy for Jamaica expired in December 2014. A new strategy is currently in preparation and is expected to be approved later in 2015. The TC would have been linked to the previous priority sector of Improving the Business Climate, which is expected to be maintained in the new strategy.

¹¹ The Country Strategy for Trinidad and Tobago (GN-2638) is consistent with this TC in the promotion of private sector development, since it contributes to (i) improving policies and institutions to promote entrepreneurship and investment in non-energy sectors, and (ii) improving the enabling environment for business development.

months, coexisting with Component 1 insofar feasible, to continue after Component 1 is closed.

- 3.3 Component 3. Evaluation and dissemination of results.** This component will determine the progress made, as well as raise public awareness about the importance of enhanced use of broadband in the creative industries through public events and publications. It will include: (i) a publication based on the findings of the research and proposals included in Component 1; (ii) a brief evaluation of the project's results, indicating main accomplishments, shortcomings and lessons learned; (iii) two marketing and promotion events to showcase the business and works generated from the project, and to strengthen outreach, linkages, and partnerships; (iv) communications material showcasing the project's work, to be distributed among governmental agencies, universities and SMEs organizations, as well as within the IADB for internal knowledge¹²; (v) the hosting of an internal IADB knowledge event –such as a BBL- where the project's experience, lessons and results may be shared; (vi) the inclusion of all initiatives and events developed in the context of Components 2 and 3 of this project in the ConnectAmericas and REACH webpages; (vii) a roadmap for future action, including a set of recommendations for subsequent interventions in the field; (viii) a publication consisting of a case study of the scouting and incubation activities carried out in accordance with Component 2. Parts i., ii. and iii. of this component shall coexist with Component 2. Per the rest of the activities contemplated herein, this component shall be completed in the time remaining for the TC execution after Component 2 is closed.

Indicative Results Matrix

Component	Indicator	Evidence
Component 1: Assessment of use of broadband by creative industries		
Assessment of use of broadband by creative industries in Jamaica and Trinidad & Tobago	Knowledge of status of broadband access in Jamaica and Trinidad & Tobago	Detailed report
Identification of areas of access, provision or competition enforcement action needed	Detailed information on broadband access difficulties attributable to competition deficiencies, market abuse or weak telecom regulation.	Detailed report
Capacity building plan	Authorities overseeing telecom regulation, creative industries and related issues in both countries are furnished with a set of actions to improve their functions.	Delivery of capacity building plan for relevant authorities
Component 2: Development of business models for the use of broadband in creative industries.		
Action plan	Client institution has itemized action plan for finding synergies with broadband providers	Written plan
Hackathon for innovative solutions/business models	At least two winning solution are selected for development and implementation	Hosting of one hackathon in each country
Support of incubation activities of Jamaican and Trinidadian producers	Producers are able to perfect and market their creations, and learn to obtain financial support	Between 14 and 18 producers complete the course and incubation cycle
Toolkit containing methodology for selecting innovative solutions	IADB, client institutions have detailed toolkit establishing requisites and indicators for identifying and grading prospective projects	Toolkit
Proposal to attract match funding	Client institutions are left with a plan detailing steps and	Proposal

¹² Given the creative nature of the businesses, the participants of the incubation activities shall bear a significant part of the task of communicating said activities to the different stakeholders in an innovative, attractive manner.

Component	Indicator	Evidence
	content to attract funding, identifying potential contributors	
Component 3: Evaluation and dissemination of results		
Publication	Observations of the first component are analyzed and organized in a document.	1 paper.
Evaluation	Team leader and intervening institutions observe critically the project's outcome.	1 report.
Marketing and promotion initiatives	SMEs, backers and industry champions form networks and showcase products.	Hosting of 2 events (1 in each country).
Communications material showcasing results	The Bank, relevant actors of the cultural industry in both countries, and the general public are informed of the project's results and achievements.	Infographic material. 1 video. IDB internal dissemination event.
Presence in REACH/ ConnectAmericas websites	The project's main activities and accomplishments are announced in the web platforms of REACH and ConnectAmericas.	Visible website presence and links.
Roadmap for future action	The Bank and the telecom and competition authorities are left with a series of recommendations and key future actions.	Roadmap document.
Case study publication	Incubation experiences are observed and laid out in a reader-friendly format	1 booklet or paper

3.4 The amount of this project is \$300,000. Funding shall be provided by the Special Broadband Program (ordinary capital). No counterpart funding is contemplated.

Indicative Budget

Activity/Component	Description	IDB/Fund funding (US\$)
General Expenses	Design, coordination and execution consultant	30,000
	Incidentals	7,000
Component 1	Use of broadband assessment	58,500
Component 2	Development of business models for the use of the broadband in creative industries	155,000
Component 3	Evaluation and dissemination of results	49,500
Total budget	Total costs	300,000

3.5 The TC shall be supervised and monitored from HQ by the Team Leader. The Team leader shall rely on a Lead Consultant to prepare documents, organize activities and on-site meetings and if necessary to ensure alignment of the activities with the project's objectives. The country offices of Jamaica and Trinidad and Tobago shall act as focal points for daily execution matters and to maintain fluent communication with client institutions. Monitoring and reporting shall be ensured through the monthly update of a detailed activity chart, plus short semi-annual reports on advancements.

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

4.1 This TC will be executed by the Bank, through the Competitiveness and Innovation Division (IFD/CTI) in cooperation with the Capital Markets and Financial Institutions Division (IFD/CMF), the External Relations Division (EXR/EXR) and operation specialists based in the Jamaica and Trinidad and Tobago country offices, considering (i) it being a Regional TC; (ii) the need to coordinate diverse stakeholders; (iii) its strategic importance for the Broadband Special Program; and (iv) the Bank's pool of knowledge in the subject.

- 4.2 **Condition prior to first disbursement.** A new internal procedure is being set by Jamaica's Ministry of Finance (MoF) whereby all Technical Cooperations/Grants must now be reviewed by a committee. This new procedure has delayed the receipt of the letter of request from the Government of Jamaica. Therefore, prior to the first disbursement of the TC resources the corresponding letter of request will be obtained from Jamaica's Ministry of Finance, the liaison entity with the Bank, indicating their interest in having the Bank as the executing agency of the TC.
- 4.3 The project shall be executed as follows: (i) Component 1 will be discharged through the hiring of suitable consultancies, in accordance with the respective TOR; (ii) Component 2 shall be implemented through partnering with institutions (that is, seeking the benefit and collaboration of both sides rather than the simple hiring of services) with ongoing business development initiatives, such as JBDC, CARIRI, Creative TT, ExporTT, University of Trinidad and Tobago, and/or others, to be selected depending on their working plans; (iii) the Country Offices and the Team Leader shall oversee the compliance with the programs in a manner that ensures parallel progress in both countries; (iii) Component 3 shall be discharged through the preparation by the TC team of the documents and events indicated, with assistance by specific consultants and in coordination with the participating institutions. Specifically, the evaluation shall be performed by the in-house team and constitute the basis of the instruments indicated in iv. and v. of Component 3.
- 4.4 Sustainability of this project shall be observed on two fronts: (a) as concerns the competition and broadband policy advancements, the cornerstone of sustainability shall be the roadmap indicated in Component 3 activity vii., which is intended to guide future actions and decisions of the relevant governmental bodies. (b) As concerns the development of business models for the use of broadband, the toolkit referenced in Component 2 shall be the instrument used by client institutions to ensure the quality of the projects presented and selected for incubation; the project shall, after its completion, leave a self-sustaining incubation initiative. Flow of funding and growth of the creative SMEs touched by the project shall be helped by linking the initiative with ConnectAmericas and REACH.
- 4.5 Component 1 is expected to be completed successfully, resulting in two comprehensive and useful reports. Component 2, particularly activities ii. and iii., is the one most affected by the risks and issues described in Section VII below, which shall be duly taken into consideration. Component 2 shall result in the successful incubation of a first batch of ideas in the field, and, in combination with Component 3, spring a deal flow that continues in the future and that cements avenues for the transformation of creative activities into productive industries. Activities i., iv. and v. shall be completed satisfactorily –notwithstanding their particular content being influenced by the outcome of the other activities. Given the nature of the activities included in Component 3, it may be successfully completed to its desired objective.

V. MAJOR ISSUES

- 5.1 The major risk identified relates to the availability of public information on broadband policies and facts as well as on creative industries. Another risk involves the lack of centralized coordination among stakeholders in the creative industries sector, which may delay the identification of innovative proposals from SMEs as well as the overall

implementation of the activities under this TC. In order to mitigate said risks, the studies will be based on the mission to the selected country and extensive studies conducted by the Bank, as well as on relevant research and publications. External and local sources of information will also be used, as needed.

VI. EXCEPTIONS TO BANK POLICY

6.1 There are no exceptions to Bank Policy.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

7.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as “C” (See [Safeguards Policy Filter Report and the Screening Form](#)).

REQUIRED ANNEXES:

- Annex I - [Request from Client](#)
- Annex II - [Terms of Reference](#)
- Annex III - [Procurement Plan](#)
- Annex IV – [Interaction with Related IDB Projects](#)

BROADBAND AS A TOOL FOR CREATIVE INDUSTRIES IN JAMAICA AND TRINIDAD & TOBAGO

RG-T2627

CERTIFICATION

I hereby certify that this operation was approved for financing under the Broadband Special Program **(BBD)** through a communication dated June 1, 2015 and signed by Su Hyun Kim (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$300,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Signed

09/30/15

Sonia M. Rivera
Chief
Grants and Cofinancing Management Unit
ORP/GCM

Date

APPROVAL

Approved:

Original Signed

10/01/15

Jose Miguel Benavente
Division Chief
Competitiveness and Innovation Division
IFD/CTI

Date