

TECHNICAL COOPERATION DOCUMENT (TC-DOCUMENT)

REGIONAL

I. BASIC INFORMATION

Country/Region:	Regional
TC Name:	Development of the comprehensive Broadband Policy Toolkit
TC Number:	RG-T2463
Team Leader/Members:	Félix Gonzalez Herranz, Team Leader (IFD/CMF); Antonio García Zaballos, Alternate Team Leader (IFD/CMF); Mónica Lugo (LEG/SGO); Lorena Cano (IFD/CMF); Enrique Iglesias Rodriguez (IFD/CMF); and Cecilia Bernedo (IFD/CMF).
Date of TC Abstract authorization:	October 22, 2014
TC Taxonomy	Research and Dissemination (RD)
Donors providing funding:	Broadband Special Program (BBD)
Beneficiary	Latin America and the Caribbean Region (LAC)
Executing Agency:	Inter-American Development Bank, Capital Markets and Financial Institutions Division (IFD/CMF)
IDB Funding Requested:	US\$500,000
Local counterpart funding	US\$0
Disbursement period:	24 months (21 months execution period)
Required start date:	December, 2014
Types of consultants:	Firm
Prepared by Unit:	Capital Markets and Financial Institutions Division (IFD/CMF)
Unit of Disbursement Responsibility:	IFD/CMF
TC Included in Country Strategy	N/A. Regional project
TC included in CPD	N/A. Regional project
GCI-9 Sector Priority:	<p>The current Sector Strategy: "Institutions for Growth and Social Welfare" (GN-2587-2) highlights the need to work towards strengthening institutions, and has specifically recognized the need to improve policies and governmental action in the ICT sector (5.21 of the referred Sector Strategy). Consistent with the Strategy, the Bank has been working in the design and implementation of a Broadband Platform to accelerate the penetration rate and usage of broadband services in the Region.</p> <p>It is also worth noting that the current Sector Strategy: "Support Competitive Global and Regional Integration" (GN-2653), also identifies bridging the digital divide as one of the Bank's priorities to promote integration, placing specific emphasis on promoting broadband infrastructure.</p>

II. OBJECTIVE AND JUSTIFICATION

- 2.1 **Justification.** While the situation of broadband is uneven across the Latin America and Caribbean Region (LAC), much remains to be done in terms of designing and implementing strategic public policies. Competition concerns are present in most countries and the capacity of governments and regulators to enforce laws and regulations remains limited in many of them. Furthermore, significant challenges exist in extending broadband access, making spectrum resources available for the coming years and in dealing with technological convergence. Access to essential facilities – infrastructure bottlenecks such as local loops or backbone infrastructure– or the framework for permits or rights of way also remains of concern. At the same time, demand-side policies should also be addressed. Internet applications have the potential to foster social inclusion, to make businesses more efficient and to improve the delivery of public services. Demand-side policies are a key element for activating the “virtuous circle” that will boost connectivity and adoption of broadband services and the applications they enable.
- 2.2 Some international institutions have developed policy guidelines and/or toolkits addressed to governments and regulators building on work from the Organisation for Economic Co-Operation and Development (OECD) in these areas (e.g. the World Bank’s Broadband Strategies Handbook or the International Telecommunications Union’s ICT regulation toolkit). While these reports have been well received and are very useful for many purposes, the proposed toolkit for the LAC Region, principal product of this Technical Cooperation (TC), aims to fill two main gaps, which are not sufficiently covered by past work:
- a. **The need to offer a comprehensive view of the policies required for broadband promotion:** not only supply-side policies (e.g. competition, interconnection, spectrum issues) are needed, but a comprehensive, wide-ranging set of policies and regulation that touch upon the demand.
 - b. **Capturing the current situation, existing or future constraints and needs of the LAC Region:** none of the products already developed is specifically targeted to the LAC Region. LAC countries have particular social and economic constraints, different institutional and legal frameworks and unique cultural patterns, which would be taken into account in the analysis.
- 2.3 Aware of the opportunity to develop a Broadband Toolkit that contains a set of actionable and useful policies, the Bank has begun building that tool with the initial step of data collection. The Technical Cooperation (TC) Broadband Policy Toolkit for Latin America and the Caribbean ATN/OC-14107-RG (RG-T2295¹), which is close to be fully executed, has accomplished its main milestone: data gathering from Ministries/Vice-ministries and Regulatory bodies of the Region, essential for the technical cooperation described in this document. More specifically, the TC RG-T2295 has: (i) scoped and designed the initial structure of the toolkit itself; (ii) designed and disseminated a

¹ See progress status of TC RG-T2295 in link: [IDBdocs# 39223002](#).

brochure advertising the project and its components and a letter of invitation to participate at the project have been circulated to all the Ministries/Vice-ministries of Telecommunications (or with telecommunications attributions) and Regulatory bodies; and (iii) collected data about the current status of broadband policies in the LAC Region via questionnaires, field missions (to Peru, Ecuador and Honduras) and conference calls with all focal points.

- 2.4 The TC that is described in this document is the continuation of RG-T2295, which is expected to conclude by the end of 2014. As planned, this TC will focus, among others, on developing all the content of the broadband toolkit. Additionally, it is noteworthy to observe that the work of both TCs should be carried out sequentially, since the activities described in this TC RG-T2463 (basically developing the content of the specific modules and chapters of the toolkit) are totally dependent on the outcomes of RG-T2295, which are: (i) collection of data about the current status of broadband policies in the LAC Region; (ii) collection of information on best practices and lessons learned from other regions based on literature review; and (iii) scoping and designing the structure of the toolkit itself.
- 2.5 **Objective.** The objective of this TC is to improve the variety, quality and effectiveness of broadband public policies (both on supply and demand sides) in the LAC Region. To that objective, this TC will build a broadband toolkit² (i.e. policy and regulation content structured in chapters and modules) specific and customized to the LAC Region.
- 2.6 The project responds to the need to develop an enabling public policy environment as part of Inter-American Development Bank (IDB) strategy to accelerate broadband deployment, adoption and use by governments, businesses and individuals. It also addresses the Bank's priority to strengthen the institutional capacity of governments to perform fundamental functions, such as the design and implementation of public policies. Therefore, it is fully in line with the Bank's Broadband Initiative and its strategy to accelerate broadband deployment and use in the Region. In particular, this TC falls primarily under two of the pillars of the Broadband Special Program: (i) development of strategic public policies; and (ii) the institutional strengthening and capacity building. It is noteworthy, that it is expected that the content developed in this toolkit be a useful tool for all the officials developing public policies and strategic regulation to foster broadband development in the region.
- 2.7 To carry out the work within the scope of this TC, the project team proposes that the OECD continue to provide its services under the Single Source Selection contracting modality, in accordance with the provisions of the Bank's Corporate Procurement Policy (GN-2303-20). The OECD will carry out all the activities included in the project. This is a continuation of the services already performed by the OECD under TC-RG2295 which will provide the key inputs for the TC described in this document. It is worth mentioning the OECD's impressive experience in broadband and communication analysis for the past two decades, its review of national broadband government plans and an extensive

² A broadband toolkit is a set of structured public policies aimed to fostering access, adoption and usage of broadband services and that therefore tackle both supply and demand.

work record in cooperation with LAC countries communication policies and regulations (Mexico, Chile, Colombia, Peru, Brazil, Costa Rica). This TC aims to build on the OECD's experience and relevant work undertaken in this area. Additionally, this TC intends to be a key step within a partnership between the OECD and the Bank in issues related to broadband as reflected in the letter sent by the OECD Secretary General to the President of the Bank (see link: [IDBdocs# 38080204](#)). It should also be noted that the OECD and the Bank have already collaborated in other projects (e.g. ATN/KF-12317-PE (PE-T1140)).

III. DESCRIPTION OF ACTIVITIES/ COMPONENTS AND BUDGET

- 3.1 **Component 1. Data Analysis.** This component will finance the consulting services to carry out an in-depth analysis of the responses to the questionnaire and of publicly available information from other parts, information that was collected in the TC RG-T2295. The activities will include statistical and econometric analyses of the quantitative data if it is relevant.
- 3.2 The objective will be to identify trends, challenges, available instruments and current broadband policies in the Region and best practices and relevant cases outside the Region. In particular, best practices will be highlighted and benchmarked against existing OECD documentation, as well as previous regional studies carried out by the Bank.
- 3.3 This component will include a fact-finding mission to two countries different from those of the missions conducted as part of the TC RG-T2295. The objective will be to collect more input information and validate assumptions and conclusions. The selection of countries for the fact-finding mission will be based on the following criteria (the same used in selecting countries under RG-T2295):
 - a. Comprehensiveness: large countries or countries with a significant variety of issues will be preferred against countries with more specific situations. It will also be considered whether the country has prioritized broadband (i.e. it has or plans to have a broadband national plan).
 - b. Diversity: the countries chosen need to be sufficiently diverse, in terms of institutional framework, broadband development, cultural factors, and so forth. The two countries will be from two different sub-regions of the Bank.
 - c. Established contact network: countries where the OECD and/or the Bank have an established, reliable institutional network will be preferred.
 - d. Questionnaires completion: countries that have a high level of completion of the questionnaires delivered in phase 1 (RG-T2295) will be prioritized (above 50%)
- 3.4 The final selection of the countries will be the result of the decision of the IDB with the collaboration of the OECD based on the previous criteria. Any fact-finding mission will involve significant preparatory work: reaching out to local authorities to identify the right counterparts, setting up a comprehensive agenda that covers most of the issues to be addressed in the toolkit and defining discussion topics to maximize the outcomes of the meetings.

- 3.5 As a result of this component, there will be a clearer picture of what policies are underway, what is lacking and what could be recommended with regard to broadband policy in the Region. All this will serve as an input for Component 2.
- 3.6 **Component 2. Development of the modules of the toolkit and training materials.** This component will finance the consulting services to develop and draft the content of all the modules and chapters of the toolkit according to the structure defined in the TC RG-T2295³, which will be published on the Bank's Broadband Platform as a stand-alone publication. Additionally, the component will finance the necessary activities to develop training materials for public officials for use of the toolkit (the training sessions are not part of this TC). Using the developed training materials, the OECD will organize a webinar to conduct a virtual training session.
- 3.7 **Component 3. Dissemination of the results.** This component will finance the works for the publication/edition of the toolkit and its modules and chapters, as well as the translation of all the content into Spanish. It will also finance the organization of a workshop in the Region to disseminate the results of the toolkit. Both activities will be done by the OECD. As for the organization of the event, the OECD will coordinate the agenda, venue and invitees with the Bank.
- 3.8 **Expected outputs.** The expected deliverables of this project are:
- a. As a result of Component 1, a summary of the findings on the status quo of public policies in the Region, as well as a summary of best practices from other parts of the world based on literature review.
 - b. As a result of Component 2, a comprehensive document containing the toolkit with all the modules and chapters and the training materials for use of the toolkit. Those materials will be in the most appropriate format determined by the Bank (e.g. PowerPoint presentation, video).
 - c. As a result of Component 3, an event in the Region to disseminate the results of this TC and the necessary dissemination materials.
- 3.9 **Expected results.** Upon the completion of the activities aforementioned, the LAC Region first and the Bank will have the tools to strengthen capabilities and recommendations to implement strategic public policies to foster access (supply), adoption and usage (demand) of broadband services. This will be accomplished by having a deep understanding of the current situation of the Region and developing the most appropriate content based on its needs and the best practices from other regions of the world. Additionally, the debate will be open around the specific topics outlined by the toolkit and around the specific policies that eventually may foster the access, adoption and usage of broadband with the goal of increasing economic competitiveness and social inclusion.

³ Note that based on the Component 1 of this TC, the structure defined in the TC ATN/OC-14107-RG (RG-T2295) may need to be tweaked.

Table 3.1: Indicative Results Matrix

Suggested indicator	Measurement Unit ⁴	Base-line	Target at end of TC
Output Indicators:			
Component 1: Summary of the: (i) status quo; and (ii) literature review on best practices from other parts of the world.	No. of Documents (draft)	0	1
Component 2: (i) comprehensive toolkit document (all the policy content with modules and chapters); and (ii) training materials.	No. of Documents	0	1
Component 3: Event and publication.	No. of Events	0	1
	No. of Publications (USB keys)	0	200
Outcome Indicators:			
Improved quality and effectiveness of the broadband policies (both on the supply and the demand side) in the Region	No. of citations of the TC products in national government strategic documents	0	3

Table 3.2: Estimated budget by component and activity (in US\$)⁵

Component/Activity	Description	IDB/Contribution funding (US\$)	Total funding (US\$)
Component 1	Data Analysis	80,000	80,000
Component 2	Development of the modules of the toolkit and training materials	340,000	340,000
Component 3	Dissemination of the results	80,000	80,000
Total budget	Total costs	500,000	500,000

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 This TC will be executed by the Capital Markets and Financial Institutions Division (IFD/CMF) due to its strategic importance for the Broadband Program and the Bank within the broadband knowledge agenda. Furthermore, the operation requires a high degree of coordination and contact with the countries, which can be better achieved if the execution of the TC is managed by the Bank.
- 4.2 **Procurement.** The project team proposes that the OECD be hired through a Single Source Selection process to carry out all the activities involved in Components 1, 2 and 3⁶ which are the continuation of the activities they are performing under TC RG-T2295. Additionally, the project team considers that the OECD has outstanding qualifications to deliver quality and products' standards worldwide in the fields of broadband and communications, broadband supply and demand, and in developing metrics to track broadband, which gives the institution a qualification of exceptional

⁴ For appropriateness reasons, the different documents will be consolidated into a single one.

⁵ Please note that this detailed budget includes all the fees that are part of the agreement between the OECD and the Bank.

⁶ Although the OECD will be in charge of organizing the event, they will do it in coordinating with the Bank's team. As for the uploading the documents to the Bank's Broadband Platform, it will be done by the project team.

worth for the project's objectives and would render any competitive process inefficient and not economical.

- 4.3 The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank's current procurement policies and procedures.
- 4.4 Additionally, the Bank will ask for non-objection letters from the official liaison entities in all the specific countries where it is considered to carry out activities related to this TC.

V. PROJECT RISKS AND ISSUES

- 5.1 The major risk identified relates to the availability of public information on broadband policies due to the realities of very different contexts in the Region. To mitigate the risk, the toolkit will be based on the missions to the selected countries in the Region, extensive studies conducted by the Bank, as well as OECD relevant research and publications. External and local sources of information will also be used, as needed.
- 5.2 Another risk identified is the potential lack of involvement of the local authorities to engage with the OECD team and respond to the questionnaires and specific queries, setting up meetings for the missions, etc. This risk will be mitigated by:
 - a. The fact that the TC will be executed by the Bank and benefit from access to local authorities enjoyed by Bank staff, both at headquarters and especially in the country offices.
 - b. The OECD's network of member countries (Mexico, Chile), key partners (Brazil) and candidates for adhesion (Colombia and, potentially Costa Rica). The OECD has also developed over the years contacts in other countries in the Region.
 - c. The joint effort between the OECD and the Bank to contact beforehand all the regional agencies and stakeholders involved. This will be done before the beginning of the TC to ensure a maximum level of involvement.

VI. EXCEPTIONS TO BANK POLICY

- 6.1 There are no exceptions to Bank policy.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 7.1 According to the Bank's Environment and Safeguards Compliance Policy (OP-703), this operation is classified as a Category "C" (see: [classification toolkit](#)). Given that the current TC revolves around a study, there are no social or environmental risks associated with it.

Annexes:

- Annex I: [Terms of Reference](#)
- Annex II: [Procurement Plan](#)

DEVELOPMENT OF A COMPREHENSIVE BROADBAND POLICY TOOLKIT

RG-T2463

CERTIFICATION

I hereby certify that this operation was approved for financing under the Special Broadband Program Fund (BBD) through a communication dated October 22, 2014 and signed by Ana Paula Sanchez (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$500,000** in order to finance the activities described and budgeted in this document. Please note that the **approval of this operation must be obtained before December 17, 2014.** 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)

12/02/2014

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

Date

APPROVAL

Approved:

(Original Signed)

12/03/2014

Juan Antonio Ketterer
Chief
Capital Markets and Financial Institutions Division
IFD/CMF

Date