

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/Regional
▪ TC Name:	Investment strategies for Rural Broadband connectivity
▪ TC Number:	RG-T2993
▪ Team Leader/Members:	GARCIA ZABALLOS, ANTONIO (IFD/CMF) Team Leader; IGLESIAS RODRIGUEZ, ENRIQUE (IFD/CMF); INFANTE BARBOSA, IRASEMA (CID/CID); NAM, SUK (IFD/CMF); BERNEDO, CECILIA (IFD/CMF); JIMENEZ MOSQUERA, JAVIER I. (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	05 Feb 2018
▪ Beneficiary:	Regional LAC
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$800,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	Connectivity, Markets and Finance (CMF)
▪ Unit of Disbursement Responsibility:	Institutions for Development
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation

II. Objective and Justification

- 2.1 The objective of this TC is to extend broadband connectivity in rural areas through PPP (Public Private Partnership) models to contribute to the universality of digital services regardless the sociodemographic and economic conditions. Specifically, the TC will support LAC countries in: (i) increasing the awareness on how PPP could contribute to take broadband services in rural areas not covered by the private sector; (ii) creating guidelines for the introduction of PPP in the field of ICT; (iii) developing master plans for PPP in rural areas; and (iv) defining mechanism to reinforce the cooperation between the public and the private stakeholders.
- 2.2 Broadband infrastructure is an enabler of development. According to several studies, a 10% growth of broadband penetration is associated with a 1.21% increase in the GDP of high-income countries and a 1.38% increase in the GDP of low-income countries (World Bank, 2009). It is estimated that in the case of the LAC region, for a 10% growth in the penetration rate of broadband services the GDP can be increased by 3.19%; the productivity by 2.61% and more than 67,000 jobs can be created. However, despite recent efforts, LAC countries are suffering from an increasing digital divide in rural areas. Due to the low population density and poor economies of scale, there is a big challenge to extend broadband access, adoption and use to rural areas. In this context, PPP models can provide potentially effective solution to this dilemma, by a way of combining public and private investment. PPPs have been used worldwide to build, finance and manage public infrastructures. Although PPP have also been used to develop broadband networks (infrastructure and services), in the case of the LAC region, there is very limited experience and thus it is needed to create awareness about in the Region on the benefits that the different models could bring to achieve the

universality of broadband services and to reduce the digital divide between urban and rural areas.

- 2.3 Keeping in mind the experience from the World Economic Forum (WEF) and the Government of South Korea, this TC will provide practical recommendations, create partnerships, and design guidelines for LAC countries in order to boost the deployment of digital infrastructure, overcome the digital divide, and tap in to the opportunities that PPPs can create to increase productivity in the region.

III. Description of Activities and Outputs

- 3.1 Activity 1: Review of international experiences; Activity 2: Guidelines for PPP broadband projects in rural areas; Activity 3: Diagnosis and country selection; Activity 4: Design of specific country program; Activity 5: Institutional capacity building in selected countries; and Activity 6: Partnerships development
- 3.2 **Component I: Component 1: Review of international best practices and development of guidelines for PPPs in the LAC.** This component will focus on knowledge sharing based on international best practices and experiences brought from worldwide experts and different stakeholders (operators, civil society and academia).
- 3.3 **Component II: Component II: Analysis of the state of the art of PPPs in the LAC Region and design of master plans on PPP for rural broadband in selected countries.** The goal of this component is to assess the initial conditions for the successful implementation of PPP in rural areas in at least two countries and support supporting the design and implementation of master plans.
- 3.4 **Component III: Component 3: Support to the implementation. Institutional capacity building in selected countries and partnership development.** Design and implementation of specific Country Programs

IV. Budget

Indicative Budget (in US\$)

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1: Review of international best practices and development of guidelines for PPPs in the LAC	150,000.00	0.00	150,000.00
Component II: Analysis of the state of the art of PPPs in the LAC Region and design of master plans on PPP for rural broadband in selected countries	400,000.00	0.00	400,000.00
Component 3: Support to the implementation. Institutional capacity building in selected countries and partnership development	250,000.00	0.00	250,000.00

V. Executing Agency and Execution Structure

- 5.1 Considering the project is regional and needs extensive partnership with international organizations, the academy and private firms, the executing agency will be the IFD/CMF Division, which will operate in coordination with the Korean government and the “Internet for All” initiative from the World Economic Forum (WEF). Supervision and coordination

of the consultant's work will be the responsibility of Antonio García Zaballos (IFD/CMF), Team Leader, antoniogar@iadb.org, telephone (202) 623-2980. The contract with a consultant will comply with the Policies for the Selection and Contracting of Consultants Financed by the IDB (GN-2350-9).

- 5.2 Regional TC with need to bring international best practice experiences.

VI. Project Risks and Issues

- 6.1 This project entails two risks that could potentially affect the project: (i) low response rate of Minister Level Officials to prioritize broadband; and (ii) how to effectively respond to country demands and achieve tangible strategic partnerships from the discussions that take place. The first risk will be mitigated by having the IDB country office representatives contact the Broadband relevant Ministers for responses, as well as utilizing the embassy of Korea in each country and the WEF Latin America Regional team as a channel to facilitate preliminary dialogue. The second risk will be reduced since the preparatory team consisting of the MSIT from KOREA, the WEF and the Bank will actively research and communicate with countries.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".