TECHNICAL COOPERATION DOCUMENT (TC-ABSTRACT)

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/ICS); Lorena Cano (IFD/ICS); Enrique Moreno de Acebedo (IFD/ICS); Enrique Iglesias Rodriguez (IFD/ICS); and Cecilia Bernedo (IFD/ICS).
Date of TC Abstract authorization:	May, 2014
TC Taxonomy	Research and Dissemination (RD)
Donors providing funding:	Broadband Special Program (GN-2704) – BBD
Beneficiary	Latin America and the Caribbean Region (LAC)
Executing Agency and contact name:	Inter-American Development Bank, Institutional Capacity of the State Division (IFD/ICS)
IDB Funding Requested:	**IDB:** US$500,000
Local counterpart funding	**Local:** US$ 0
	Total: **US$500,000**
Execution period:	18 months **Disbursement period:** 21 months
Required start date:	December, 2014
Types of consultants:	Firm
Prepared by Unit:	Institutional Capacity of the State (IFD/ICS)
Unit of Disbursement Responsibility:	IFD/ICS
TC Included in Country Strategy	N/A. Regional project
TC included in CPD	N/A. Regional project
GCI-9 Sector Priority:	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. 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.

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 Organization for Economic Co-Operation and Development (OECD) work 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 targeted to the LAC Region specifically. 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 this opportunity to develop a Broadband Toolkit that contains a set of actionable and useful policies, the Bank has already started to build that tool with the initial phase of data collection. RG-T2295 (ATN/OC-14107-RG) has already made important progress towards data gathering, essential for the technical cooperation described in this document. This encompasses: (i) collecting data about the current status of broadband policies in the LAC Region and gathering information on best practices and lessons learned from other regions based on literature review; and (ii) scoping and designing the structure of the toolkit itself. RG-T2295 already shows importance progress in: (i) the initial structure of the toolkit has been agreed; (ii) a brochure advertising the project and its components and a letter of invitation to participate at the project have been circulated to all the Ministers of

Telecommunications (or with telecommunications attributions) and regulatory bodies; (iii) conference calls with all counterpart designated focal points have been held; (iv) a mission to Peru was carried out in May taking advantage an OECD visit to the Region (collecting data) and one additional to Ecuador and Honduras is planned for July; and (v) the questionnaires that will be sent to focal points have been elaborated and will be sent during the last week of May.

2.4   The TC that is described in this document is the continuation of RG-T2295, which is expected to conclude in December 2014. Additionally, it is noteworthy that the work of both TCs should be carried out sequentially since the activities described in this TC (basically developing the content of the specific modules and chapters of the toolkit) are totally dependent on the outcomes of RG-T2295.

2.5   **Objectives.** 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 has two specific intermediate goals: (i) to gain a deep understanding of the regional status-quo in terms of public policy related to broadband and how countries can be clustered in order to produce the best recommendations in terms of public policies and strategic regulation; and (ii) to build the specific broadband toolkit[1] (i.e. chapters and modules).

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.

2.7   The project team proposes that the OECD be hired under the Single Source Selection contracting modality, in accordance with the provisions of the Bank's Corporate Procurement Policy (GN-2303-20). As such the OECD will be the consulting entity that will carry out all the activities included in the project. This contracting modality is justified by the fact that the OECD is the consulting entity contracted to carry out all the activities included in the TC-RG2295 that, as mentioned earlier, will provide the key inputs for the TC described in this document. Through the execution of the TC-RG2295, the OCDE and the IDB teams have been strengthening a relationship with the authorities of the IDB countries that is crucial for the project described in this document. While drafting the different modules of the toolkit, it will be necessary

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[1] A broadband toolkit is a set of structured public policies that aim at fostering access, adoption and usage of broadband services and that therefore tackle both supply and demand.

to get feedback for the authorities and to that goal the already established relationship is a key asset. It is also 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 work record in cooperation with LAC countries communication policies and regulations (Mexico, Chile, Colombia, Peru, Brazil, Costa Rica), all crucial at the toolkit drafting phase. For that reasons, 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 all the necessary activities 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 objective is 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.

3.2 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.

3.3 The final selection of the countries will be the result of the decision of the IDB with the collaboration of the OECD. 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.

3.4   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.

3.5   **Component 2. Development of the modules of the toolkit and training materials.** This component will finance the necessary activities to develop and draft the content of all the modules and chapters of the toolkit according to the structure defined in the TC RG-T2295[2], 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).

3.6   **Component 3. Dissemination of the results.** This component will finance the necessary activities 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 recommendations included in 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. Finally, this component will include, without cost, the upload of the toolkit to the Broadband web platform of the Bank.

3.7   **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.

c.   As a result of Component 3, the training materials for use of the toolkit. Those materials will be in the most appropriate format determined by the OECD (e.g. powerpoint presentation, video)

d.   As a result of Component 4, an event in the Region to disseminate the results of this TC.

3.8   **Expected results.** Upon the completion of the activities aforementioned, the LAC Region first and then Bank will have the tools to strengthen their capabilities to implement strategic public policies and regulation 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.

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

Table 3.1: Indicative Results Matrix

Suggested indicator	Measurement Unit[3]	Base-line	Target at end of TC
Output Indicators:			
Component 1: Summary of the: (1) status quo, and (2) literature review on best practices from other parts of the world	No. of Documents (draft)	0	1
Component 2:(1) comprehensive toolkit document, and (2) training materials	No. of Documents	0	1
Component 3: Event and publications	No. of Events	0	1
	No. of Publications	0	100
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	2

Table 3.2: Indicative Budget Split[4]

Item	Total (US$)
OECD resource allocation for the development of the components	413,500
OECD missions	50,000
Total costs	463,500
OECD VC administration charge (7.3% of total budget)	36,500
Total budget	**500,000**

Table 3.3: Estimated budget by component and activity (in US$)

Component/ Activity	Description	IDB/Contribution funding (US$)	Total funding (US$)
Component 1	**Data Analysis**	**63,500**	**63,500**
Component 2	**Development of the modules of the toolkit and training materials**	**320,000**	**320,000**
Component 3	**Dissemination of the results**	**80,000**	**80,000**
Total budget	**Total costs**	**463,500**	**463,500**
	VC administration charge	36,500	36,500
	Total (including 7.3% VC administration charge)	**500,000**	**500,000**

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

4.1   This TC will be executed by the Institutional Capacity of the State Division (IFD/ICS) 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   A Single Source Selection is proposed by the project team to hire the OECD to carry out all the activities involved in Components 1, 2 and 3[5], based on: (i) the

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[3]   For appropriateness reasons, the different documents will be consolidated into a single one.

[4]   Please note that this detailed budget split has been included for information only as it corresponds to the internal OECD budget split. The US$500,000 will go entirely to the OECD, the consulting entity hired. VC specifically stands for *voluntary contribution* in OECD jargon and it is an overhead cost within the agreement between the OECD and the Bank as it was the case of previous projects. This budget item has already been approved by LEG/CLA.

[5]   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.

fact that they have already been hired for the TC RG-T2295 that serves as an input for the TC described in this document and that the OECD team along with the Bank's one have established a relationship with the authorities in the Region, aspect that is crucial for this TC; and (ii) their 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 worth for the project's objectives and would render any competitive process inefficient and not economical.

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 while disseminating the drafted recommendations. This risk will be mitigated by the fact that a relationship has already been established between the authorities of the Region and the OECD and the IDB teams.

VI. EXCEPTIONS TO BANK POLICY

6.1   There are no exceptions to Bank policy.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

7.1   Given that the current TC revolves around a study, there are no social or environmental risks associated with it. This operation is classified as a Category "C" according to the classification toolkit of the Bank (see link: IDBdocs#38792266).