

TECHNICAL COOPERATION ABSTRACT (TC-ABSTRACT)

REGIONAL

I. BACKGROUND

Country: REGIONAL
TC Name: Regional consolidation of COMTELCA¹ strategy and key topics for Central America
TC Number: RG-T2564
Team Leader/Members: Antonio García Zaballos (Team Leader, IFD/CMF); Enrique Iglesias (IFD/ CMF); TBD (LEG); and Cecilia Bernedo (IFD/CMF).
TC Taxonomy: Research and Dissemination (RD)
Date of TC Abstract authorization: June, 2015
Beneficiary: Countries of COMTELCA²
Executing agency and contact name: Inter-American Development Bank (IDB), Capital Markets and Finance Division (IFD/CMF)
Donors providing funding: TBD
IDB Funding Requested: US\$250,000
Local counterpart funding: US\$0
Disbursement Period: 24 months (21 months Execution Period)
Required start date: March, 2015
Types of consultants: Firm and individual consultants
Prepared by Unit: IFD/CMF
Unit of Disbursement Responsibility: IFD/CMF
TC included in Country Strategy: No **TC included in CPD:** No
GCI-9 sector priority: Mentioned under current sector strategies: "Support Competitive Global and Regional Integration", and "Institutions for Growth and Social Welfare".

¹ Comisión técnica regional de telecomunicaciones

² Members include: Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama

II. OBJECTIVES AND JUSTIFICATION OF THIS TC

- 2.1 There is evidence that the acceleration of broadband penetration, adoption and effective use brings clear social inclusion and economic benefits. A strategic approach to market regulation has been proven to be one of the main pillars that support the development of broadband along the world. Unfortunately, the LAC Region is lagging behind other regions with regards to an effective regulation and lacks a formal coordination framework among the different National Regulatory Agencies (NRA) of each country.
- 2.2 To enable experience exchange, coordination, cooperation and sharing of best regulatory practices several Latin American countries³ founded the “*Comisión Técnica Regional de Telecomunicaciones*” (COMTELCA)⁴. COMTELCA’s main purpose has been to foster the exchange of experience, cooperation and coordination of regulatory efforts to promote the development of the telecommunications in the Region. These efforts were structured through three main activities: (i) exchange of information and best practices among the regulatory bodies; (ii) promotion of harmonization of important regulatory matters, fostering integration; and (iii) identification of regional interests looking for a common position in relevant international fora.
- 2.3 In spite of these efforts, throughout the last years COMTELCA has had troubles to effectively develop its activities of coordination, cooperation, and sharing best practices among its member countries because of the lack of a permanent supporting organization structure, as well as a clear defined and comprehensive strategic plan. This situation did not allow COMTELCA to bring together all the relevant stakeholders (private sector, regulatory bodies, ministries and academia) in order to achieve agreements that contribute to the development of broadband throughout the Region.
- 2.4 Central America’s international Internet connectivity has significantly improved in recent years due in part to key developments to the region’s technical Internet infrastructure. For example, submarine cables are being connected throughout the region and more submarine cables are planned for the following years. Moreover, data centers and internet exchange points (IXPs), a way to exchange Internet traffic locally, have become increasingly important in many countries. These infrastructure investments, however, have not always translated into a corresponding improvement in the Internet access services experienced by users, especially through lowered prices or increased quality of service. In fact, in many Central-American countries, the development of Internet access services is still held back by constraints on key inputs, notably in relation to the terrestrial connectivity between the submarine cables, the data centers, the IXPs, bordering countries, the ‘last-mile’ access infrastructure—whether fixed or wireless—and the Internet service providers (ISPs) that deliver access to the end users. In addition, there is a need to provide cloud computing services to enable the operation of software applications using devices that connect to internet.

³ Members include: Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama.

⁴ www.comtelca.org. Institution that fosters the Information and Communication Technologies in the Region, and it is comprised of country member’s telecommunications entities.

- 2.5 With adequate support, COMTELCA could be instrumental in the development of a widely supported regional policy framework for Broadband Development, specifically in the demanded topics in the Central America region, such as cloud computing, data center, and IXPs. The technical role of the National Regulatory Agencies (NRAs), based on close regional collaboration and good working methodologies, can greatly enhance a common regional approach to broadband development, aligned with the role of COMTELCA of promoting the development of the telecommunications in the Region.
- 2.6 **Objective of the project.** The objective of this Technical Cooperation (TC) is to strength COMTELCA as coordinator and integrator of regulatory policies. A plan will be prepare taking into consideration key topics and actions related to aspects such as cloud computing, data centers and IXPs as a way to increase the efficiency in the provision of public services and reduce the international internet connectivity charges.

III. DESCRIPTION OF ACTIVITIES

- 3.1 The activities proposed in this project are divided into three main components:
- 3.2 **Component 1: Inputs for strategic plan.** This component will finance the following activities: (i) Data collection on the internet value chain including submarine cable capacity and pricing to identify the content currently accessed and the amount of traffic generated, (ii) Engagement with key stakeholders including government officials, ISPs, Telecom Operators, and content providers in order to identify the barriers to connectivity in terms of deploying new terrestrial capacity or accessing new capacity that allows the data center to efficiently work, (iii) Analysis of the data to develop preliminary recommendations and conclusions on how to establish a data center, cloud computing services, and IXPs for the Central-American region. This component will be instrumental for the definition of key inputs for the strategic plan of COMTELCA.
- 3.3 **Component 2: Development of a strategic plan for COMTELCA for the period 2015-2018.** Keeping in mind the outputs from the activities described in component 1 and taking into account that COMTELCA is a meeting point of discussion regarding strategic aspects, this TC will focus on the development of a strategic plan for COMTELCA. In order to develop a strategic plan for the organization structure as part of a working plan for the involved countries with a detailed description of projects, activities and governance model for COMTELCA, this component will finance : (i) a review of the current situation of the organization, (ii) the identification of major challenges and areas of dialogue among the seven beneficiary countries, (iii) the development and implementation of an action plan for each of the areas identified and (iv) presentation and discussion about the way forward according to the Region needs.
- 3.4 **Component 3: Dissemination.** The main activity of this component is an event to present the strategic plan of COMTELCA and the results of this TC. In addition, this component will finance dissemination materials including: video, editing and formatting of three publications, and infographic.
- 3.5 **Expected outputs.** This project will enable the institutional strengthening of COMTELCA in its efforts to further enhance information exchange, coordination, integration and

effectiveness of the regulatory policies in the Region. This enhanced will allow maximize the impact and influence of COMTELCA in the Central-American Region, and three key publications on IXPs, data center and cloud computing.

Table 3.1: Indicative matrix of the results

Component	Indicator	Base-line	Target at the end of the TC
Output Indicators:			
Component 1: Development strategic inputs on key topics and actions for the Central American Region to contribute to the design of the strategic plan of COMTELCA	Three strategic inputs on key topics for the Central American Region	0	3
Component 2: Development of a strategic plan for COMTELCA for the period 2015-2018	3- year strategic plan	0	1
Component 3: Dissemination	Event	0	1
	Dissemination materials	0	3

IV. BUDGET

Table 3.2: Indicative Budget

Components	Description	IDB	Total
Component 1: Development strategic inputs on key topics and actions for the Central American Region to contribute to the design of the strategic plan of COMTELCA	(i) Data collection on the internet value chain including submarine cable capacity and pricing, where content is currently accessed and the amount of traffic that is generated, (ii) Engagement on key stakeholders including government officials, ISPs, Telecom Operators, and content providers in order to identify the barriers to connectivity in terms of deploying new terrestrial capacity or accessing new capacity that allows the data center to efficiently work, (iii) Analysis of the data to develop preliminary recommendations and conclusions on how to establish a data center and IXPs for the Central-American region.	90,000	90,000
Component 2: Development of a strategic plan for COMTELCA for the period 2015-2018	(i) Review of the current situation of the organization; (ii) Identification of major challenges and areas of dialogue among the seven beneficiary countries; (iii) development of an action plan for each of the areas identified; and (iv) presentation and discussion about the way forward.	100,000	100,000
Component 3: Dissemination	(i) Event; (ii) dissemination materials	60,000	60,000
Total		250,000	250,000

V. EXECUTING AGENCY AND EXECUTING STRUCTURE

- 5.1 Given the regional nature of this TC and the Bank' covering proven in the sector in these countries. The executing agency will be the IFD/CMF Division, which will operate in coordination with the staff of COMTELCA and with other involved institutions.

VI. PROJECT RISKS

- 6.1 This project presents two risks: (i) that COMTELCA does not have the support of its member countries for its strategic plan (ii) sustainability of COMTELCA as a coordinator and integrator. In order to mitigate the first risk, the strategic plan will be designed with valuable inputs and information on latest sector developments. A sustainability plan will be implemented during the execution of this TC. The second risk will be mitigated by involving the different stakeholders from the public, private and academia throughout the implementation, providing them with inputs to make informed decisions

VII. EXCEPTIONS TO THE POLICY OF THE BANK

- 7.1 There are no exceptions to the policy of the Bank.

VIII. ENVIRONMENTAL STRATEGY

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