

TC DOCUMENT

REGIONAL

I. Basic Information for TC

Country/Region:	Regional (CID)
TC Name:	Strengthening the digital competencies in the Region
TC Number:	RG-T2990
Team Leader/Members:	Enrique Iglesias Rodríguez, Team Leader (IFD/CMF); Antonio García Zaballos (IFD/CMF); Gloria Lugo (IFD/CMF), Ignacio Barragán (LEG/SGO); and Cecilia Bernedo (IFD/CMF)
Taxonomy:	Client Support
Date of TC Abstract authorization:	April 20 th , 2017
Beneficiary:	CID - Isthmus & DR: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Mexico, Panama y Dominican Republic
Executing Agency and contact name:	Inter-American Development Bank – Connectivity, Markets and Finance (IFD/CMF)
Donors providing funding:	Broadband Special Program (BBD)
IDB Funding Requested:	US\$200,000
Local counterpart funding, if any:	None
Disbursement period:	24 months (execution period: 18 months)
Required start date:	July 1 st , 2017
Types of consultants:	Firm and individual consultants
Prepared by Unit:	IFD/CMF
Unit of Disbursement Responsibility:	Institutions for Development Sector Department (IFD)
TC Included in Country Strategy:	No
TC included in CPD:	No
IDB's updated Institutional Strategy:	The TC is aligned with the priorities identified in the IDB's updated institutional strategy 2016-2019. Specifically, it is aligned with the following strategic policy objectives: (i) strengthen the capacity of the state; (ii) provide inclusive infrastructure services; (iii) establish smart institutional frameworks; (iv) provide adequate knowledge and innovation systems; (v) improve regional infrastructure; and (vi) leverage South-South and triangular cooperation to produce regional public goods, exchange knowledge and best practice and harmonize regulations. Additionally, this TC is expected to contribute to the following Corporate Results Framework (CRF) indicators: (i) Telecommunications Infrastructure, contributions directed to develop extension and quality of telecoms infrastructure, including infrastructure; and (ii) Public Policy in Telecommunications; Contributions directed to increase the level playing-field competition and the transparency of the regulatory policy and reforms within the telecom sector.

II. Objectives and Justification of the TC

- 2.1 Broadband is a lever for socio-economic growth. According to a study published by the Bank,¹ it has been observed a 3.2% increase in the Gross Domestic Product (GDP) and a 2.6% increase in productivity where broadband penetration has increased 10% in the Latin American and the Caribbean (LAC) region. Beyond this correlation,

¹ [Socioeconomic Impact of Broadband in Latin American and Caribbean Countries](#). A. García Zaballos and R. López-Rivas. Technical Note. Inter-American Development Bank (IDB), 2011.

broadband offers opportunities to increase life standards. For example: (i) broadband fosters the development of innovative education and health models² and brings public administration closer to the citizen;³ and (ii) it has an important impact on the productive sector.⁴

- 2.2 There is a digital divide between LAC and countries of the Organisation for Economic Cooperation and Development (OECD). While in LAC the penetration of fixed and mobile broadband services in 2016 is 10.69% and 59.06% respectively, in the OECD the figures reach 28.94% and 77.32%. Two of the pillars that compose the Broadband Development Index (IDBA)⁵ calculated by the Inter-American Development Bank (IDB) are public policies and regulation. In these pillars, fundamental for the development of the ecosystem, the LAC countries have a score of 3.89 and 5.25 respectively, while the OECD countries reach 5.77 and 6.72.
- 2.3 The lower development of these pillars in LAC is fundamentally caused by a lack of specialized capacities in the institutions in charge of the supervision and regulation of the Information and Communication Technology (ICT) markets as well as those in charge of public policies for broadband development.
- 2.4 With the aim of supporting the countries of the region in their efforts to improve the capacities of public officials, the Center for Advanced Broadband Development Studies (CEABAD) was founded in Managua in June 2014. Since its foundation, CEABAD has received the joint and continuous support of three strategic partners: the Government of the Republic of Korea, the Government of Nicaragua and the IDB. The countries that are currently beneficiaries of CEABAD include Central America, Mexico and the Dominican Republic.
- 2.5 The Bank's support to the countries for the CEABAD has materialized in four Technical Cooperations ([ATN/OC-14055-RG](#); [ATN/KK-14056-RG](#) – US\$700K (in 2013), [ATN/OC-14508-RG](#) – US\$500K (in 2014), [ATN/OC-15130-RG](#) – US\$250K (in 2015) and [ATN/OC-15733-RG](#) – US\$200K (in 2016). Additionally, the CEABAD has received the financial and technical support from the Republic of Korea (US\$427K to date) and from the government of Nicaragua (in-kind) (see ¶4.1).
- 2.6 Since its foundation, the CEABAD has been expanding the catalog of services offered. The main ones are: (i) regional workshops (RW), in which the governments of the region are summoned together with international experts to work together on specific topics; (ii) local workshops, where at the request of one of the beneficiary institutions an expert is hired to give a course in their; and (iii) virtual courses, in which, through a proprietary platform, tutored courses are taught on key ICT topics. The content of the courses has been developed in collaboration with different entities that are reference in the sector such as the GSMA or Internet Society among others.
- 2.7 **Results.** In 2016, two regional RW and one hackathon were held in CEABAD. Additionally, 11 local workshops were held in the beneficiary countries and 11 courses were taught through the virtual campus. More than 700 certificates have been delivered to CEABAD's students, in 13 Workshops in seven countries and 97% of them, have stated that they are satisfied or very satisfied with the quality, the learning and the tutors of the Workshops. The specific results around each product are detailed

² Global Industry Analysts, Inc. 2010.

³ [European Parliamentary Research Service: Digital Agenda](#).

⁴ *"Internet matters: The Net's sweeping impact on growth, jobs and prosperity"*. Briefing Note, McKinsey Global Institute, McKinsey & Company, May 2011.

⁵ <https://publications.iadb.org/handle/11319/8193?locale-attribute=pt&>.

below. An evaluation is being carried out as part of operation RG-T2734. Currently, the main stakeholders of the center have been identified and more than 30 interviews are being conducted to gather information. The evaluation will help to draw lessons learned, as well as international best practices to improve the Center's operation and achieve sustainability.

- 2.8 As for the RW and the hackathon: (i) in April 2016, the IV Regional Forum on "Key Issues of Digital Ecosystem Development" was held in CEABAD, with more than 150 representatives from the region and participation from the private sector (US\$33,000 funding from sponsors); and (ii) in November 2016, the V Regional Forum "Connectivity for all" was held in parallel with the first regional CEABAD hackathon, which focused on "Employment". Between the two events more than 300 representatives from the region attended, with more than US\$10,000 contributed by sponsors. The winner of the hackathon was the application CrafterApp, developed by a Dominican team. It consists of a virtual platform that allows connecting artisans with the final consumers through purchases, auctions and exhibitions.
- 2.9 **Specific topics covered in the RW.** The prioritized topics in the RW held were: (i) in the first workshop, "Key Issues of Digital Ecosystem Development", which included presentations about service platforms, integration and applications in sectors like health, agriculture or education; (ii) in the second workshop, "Connectivity For All", development of telecom infrastructure including Internet exchange points, national backbone networks, regional infrastructure or content delivery networks.
- 2.10 Regarding the virtual campus, a total of 11 courses were developed around subjects such as broadband plans, the mobile industry, protection of critical infrastructure or the radio spectrum. There were more than 1,400 applicants from 15 countries in the region, 625 students enrolled, 96% of students who complete the courses and who, according to surveys, are satisfied or very satisfied by 95%. 20% are paid students, mostly private sector, which has meant an income of US\$15,000 for CEABAD. Among the paid students there were participants not only from the beneficiary countries but also from other countries like Spain, Paraguay, Argentina, Peru or Colombia, which shows the quality of the contents created and the possibilities of CEABAD to extend its services to the entire region. It is also important to emphasize the participation in the courses of several representatives from the private sector like Telefónica, Tigo, Ufinet or Yota.
- 2.11 Finally, in relation to the local workshops, a total of 11 workshops were held in Nicaragua, Panama, El Salvador, Honduras, Guatemala, and the Dominican Republic. Topics covered included the sustainability of ICT projects, OTT services, spectrum management or the protection of critical infrastructures. A total of 416 officials were trained through these local workshops.
- 2.12 Although CEABAD has taken important steps towards sustainability, the need to continue to support the Center has been identified to ensure the success of long-term operations. Taking into account the results obtained, and with the aim of maximizing the impact on the region, the Government of Korea and the Bank have decided to extend the support to the Center for a new period. In 2017, efforts are being implemented to reduce costs and generate new income, both from partnerships and the virtual platform. Specifically, it is worth mentioning two actions: a new strategy to fund the Center activities, through collaboration with the private sector, and a new marketing plan for the virtual platform, which is expected to increase revenue. Also, efforts are being made to promote a more dynamic involvement from the beneficiary countries, which will be critical to ensure the long-term operation of the Center.

- 2.13 **Added Value of this operation.** This operation will finance some recurrent activities that have already been developed in previous operations. However, the following innovations will be implemented as part of this operation: (i) a more dynamic approach will be applied to regional forums, so as to achieve greater involvement from the audience; (ii) an event will be held with the academic community, that may constitute a strategic partner of the Center; (iii) the development of a regional network, which can be a very useful tool for public officials, and an added value of the Center; (iv) support for the ministerial meeting in Korea, which will help disseminate the Center's results to a strategic partner; (v) a plan to assess the possibility of extending the Center's activities to the entire LAC region; and (vi) the preparation of a Massive Open Online Course (MOOC), which can contribute significantly to improving the positioning of the CEABAD brand in the region.
- 2.14 **Strategic Alignment.** This TC is aligned with the following criteria defined for the Broadband Special Program (BBD): (i) strengthen talent to take full advantage of the digital economy, because it will support talent development among public officials from the region; and (ii) support the development of digital strategies and regulations, because the target audience include the public officials in charge of defining digital strategies and regulatory frameworks. The TC is also aligned with the priorities identified in the IDB's Updated Institutional Strategy 2016-2019. Specifically, it is aligned with the following strategic policy objectives: (i) strengthen the capacity of the state; (ii) provide inclusive infrastructure services; (iii) establish smart institutional frameworks; (iv) provide adequate knowledge and innovation systems; (v) improve regional infrastructure; and (vi) leverage South-South and triangular cooperation to produce regional public goods, exchange knowledge and best practice and harmonize regulations. The IDB Country Strategy 2012-2017 with Nicaragua identifies the institutional strengthening as a strategic objective (par 3.1). The IDB Country Strategies with the other beneficiaries also establish similar objectives: Panama 2015-2019 (par.3.1), Costa Rica 2015-2018 (par.3.2), El Salvador 2015-2019 (par. 3.12), Guatemala 2012-2016 (par. 3.12), Honduras 2015-2018 (par. 6.5) and Dominican Republic 2013-2016 (par. 3.22). Finally, this TC is expected to contribute to the following Corporate Results Framework (CRF) indicators: (i) Telecommunications Infrastructure, contributions directed to develop extension and quality of telecoms infrastructure, including infrastructure; and (ii) Public Policy in Telecommunications; Contributions directed to increase the level playing-field competition and the transparency of the regulatory policy and reforms within the telecom sector.
- 2.15 **Objectives.** The objective of this TC is to continue supporting CEABAD to maximize the number of trained officials in the region and develop innovative products and services for the region. The training will focus on digital skills and institutional strengthening, which will contribute to improve support to the Bank's operations in the region.

III. Description of activities/components and budget

- 3.1 **Component 1: Development of a regional dialogue network.** This component will support the strengthening of CEABAD promotion capacities along with the creation of a regional dialogue network for the beneficiary countries.
- 3.2 **Activity 1.1: Creation of a regional dialogue network.** This activity will finance the following tasks: (i) content development around relevant issues related to broadband and development; (ii) drive the dialogue through communication with beneficiary

countries to achieve the involvement of their institutions and maintenance of the dialogue network; and (iii) development of the virtual dialogue network.

- 3.3 **Activity 1.2: Strengthening of CEABAD promotional capacities.** This activity will finance the following tasks: (i) redesign and construction of the new website for CEABAD; and (ii) redesign and elaboration of promotional elements (newsletter, blog).
- 3.4 **Activity 1.3: Support to the Korea-LAC ministerial meeting.** This activity will support the ministerial meeting that will take place in Busan, Korea in the second half of 2017. The meeting will bring together high level public officials from LAC and Korea, Korean donor representatives, private sector, academia and civil society. The objective of this meeting will be to define next steps to maximize the impact of ICT on the development of the region.
- 3.5 **Component 2: Support to CEABAD's core activities.** This component will support the development of at least one regional workshop to be held at CEABAD headquarters. Support will also be given to the development of local workshops (up to a total of seven, one per beneficiary country). Another special event will also be organized in order to improve the CEABAD brand in the region. This event may take the form of a "Call for papers" and focus on an issue of importance for the region.
- 3.6 **Activity 2.1: Development of content.** This activity will finance the tasks to develop two publications around the main topics of interest for the region (related with broadband and digital economy). The target audience of this publications will be mid-to-high level officials from ministries and regulatory agencies that either lead or deal with broadband and technology services and also officials in charge of other sectors (such as education, health or agriculture) that are interested in applications based on broadband. In addition to these publications, there will be an assessment of the materials developed so far by CEABAD for the virtual campus, in order to determine if there is enough information for the development of a MOOC about broadband and development.
- 3.7 **Activity 2.2: Organization and execution of at least one RW.** This activity will finance the tasks to organize and conduct at least one on-site RW at the CEABAD where officials from the countries will be able to deepen and discuss about new topics and trends in the sector. The theme of these workshops will be agreed by the steering committee of the Center through the inputs provided by the beneficiary countries. The format of this workshop will be restructured to maximize involvement and participation from the audience. Additionally, international experts and practitioners will be brought to lead the workshops in an effort to bring best practices from all over the world. With the objective of increasing the sustainability of the center, it will be set as objective that at least 60% of the cost of organization be financed through sponsorships.
- 3.8 **Activity 2.3: Development of seven on demand training courses (ODTCs) in the facilities of the countries requesting the service.** This activity will finance the design, preparation and delivery of specific courses requested by the countries on aspects of key importance for them. In particular, as part of this activity, international experts from all over the world will be brought to the institution requesting the assistance.
- 3.9 **Activity 2.4: Design and development of an event to promote the CEABAD brand.** This activity will finance the design, preparation and development of a special event that will be held in the CEABAD headquarters in Managua. This event may take the form of a "Call for Papers Academic Conference"⁶ and focus on an issue of importance

⁶ A "Call for Papers Academic Conference" or symposium is a conference for researchers (not necessarily academics) to present and discuss their work.

for the region. The involvement of the academic community is critical for the success of the Center. This topic will be agreed by the steering committee of the Center through the inputs provided by the beneficiary countries. Students and academics from the region will be invited to participate. The event may also include training sessions. The organization will benefit from the lessons learned in the realization of the 2016 hackathon in CEABAD. In addition, several private companies (such as CLARO or Telefónica) expressed their interest in financing new activities of this type, thus lower organizational costs are estimated.

- 3.10 **Component 3: Support to CEABAD’s operations.** This component will support the CEABAD in continuing their operations. The activities will include executing the organizational and operating plans that are being defined under TC [ATN/OC-15733-RG](#). These plans will include the staffing model, the funding model, the forecast budget and the objectives for the next three years of operation. Additionally, the component will finance the preparation of a plan to expand the operation of CEABAD operations to all LAC countries. An independent evaluation is also being carried out as part of RG-T2734. Lessons learnt from this evaluation will also be taken into account to ensure a better operation. Finally, the activities will include searching and establishing alliances with the public sector, the private sector and academia to seek joint activities to strengthen the CEABAD brand.
- 3.11 Additionally, this component will finance an annual report with the goal of strengthening CEABAD’s brand and positioning in the region and attracting potential partners. The annual report will present the yearly results and the major findings and achievements obtained during the RW, ODTs and any other activities. The report will show the indicators contained in the results matrix present in this document (see Table 1). The report will show detailed information of the courses results, including the participants per country and per institution.
- 3.12 **Expected results.** As a result of this project, it is expected that: (i) a new regional dialogue network is created (and strengthened through the Korea-LAC meeting), contributing to more integration and better policies and regulations in the region and the promotional capacities of the Center are improved; (ii) CEABAD’s brand becomes more recognized throughout the region and more content is available to the countries through the two publications developed along with the RWs, the special event and the ODT held; and (iii) the operation of the center is assured for the time covered and the new operation and organizational plans are implemented, contributing to the Center’s long-term sustainability.

Table 1 - Indicative Budget

Activity/ Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
1	Development of a regional dialogue network.	100,000	N/A	100,000
2	Support to CEABAD’s core activities.	50,000	N/A	50,000
3	Support to CEABAD’s operations.	50,000	N/A	50,000

- 3.13 **Arrangements for TC supervision.** To improve coordination and participation from the beneficiary countries the participation from the IDB Country Offices (COFs) in those countries will be critical. The COFs will work with the CEABAD focal points. In addition to the supervision, their participation is expected to (i) help creating demand for the CEABAD’s services; and (ii) promote dialogue among the COFs and the public officials, contributing to the regional agenda.

IV. Executing agency and execution structure

- 4.1 The executing agency will be the Bank through IFD/CMF Division, which will operate in coordination with the government of the host country (see [Non Objection Letter of the Government of Nicaragua](#) for this operation) and the rest of the beneficiary countries. The justification for this execution structure is: (i) institutional capacity, lack of technical, operational and institutional capacity of the counterpart; (ii) it is a regional technical cooperation and a regional entity with capacity to execute the TC has not been identified; and (iii) impartiality, the Beneficiary and the Bank agree that contracting by the Bank would enhance independence due to the need of extensive partnership with international organizations, academic institutions and private firms. Following these criteria, Nicaragua has requested that the TC is executed by the Bank (see letter).
- 4.2 **Procurement.** The Bank will contract individual consultants and consulting firms in accordance with current Bank procurement policies and procedures. For more information see the Procurement Plan attached to this document (Annex II).
- 4.3 Prior to the start of activities in any of the beneficiary countries, the Team Leader will ask for non-objection from the Government authorities.

V. Major issues

- 5.1 This project entails risks that could potentially affect the impact and quality of the training and the sustainability of the Center: (i) institutional risks: how to involve the beneficiary countries in the Center's operation and effectively collect and address each country's demands and interests, and accurately reflect them into the training courses; (ii) technical risks: how to ensure that the quality of the training meets the highest standards at the international level; and (iii) financial risks: how to make the training center sustainable after the support from this TC. The first risk will be mitigated by involving the IDB country offices (COFs) in the relationship with representatives from the countries and following a country centric approach in developing and designing the courses and contents, meaning that the content will be developed in accordance to the needs of the countries. The second risk will be mitigated by the new organizational and operation plans that will be implemented in this TC, which will contribute to meet the highest international standards. The third risk will be mitigated reaching out strategic partners interested in contributing to CEABAD with financial and in kind resources that contribute to the sustainability of the training center.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to the policies of the Bank.

VII. Environmental and Social Strategy

- 7.1 Given the nature of this TC there are no social or environmental risks associated with it. This operation is classified as a Category "C" according to the Environment and Safeguards Compliance Policy (OP-703) (See: [Safeguard Policy Filter Report](#) and [Safeguard Screening Form](#)).

REQUIRED ANNEXES:

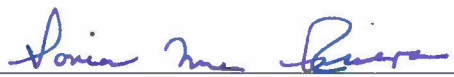
- Annex I: [Non-Objection Letter](#)
- Annex II: [Results Matrix](#)
- Annex III: [Terms of Reference](#)
- Annex IV: [Procurement Plan](#)

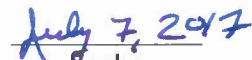
STRENGTHENING THE DIGITAL COMPETENCIES IN THE REGION


RG-T2990

CERTIFICACIÓN

Por la presente certifico que esta operación fue aprobada para financiamiento por el **Programa Especial de Banda Ancha (BBD)**, de conformidad con la comunicación de fecha 20 de abril de 2017 suscrita por Su Hyun Kim (ORP/GCM). Igualmente, certifico que existen recursos en el mencionado fondo, hasta la suma de **US\$200.000** para financiar las actividades descritas y presupuestadas en este documento. La reserva de recursos representada por esta certificación es válida por un periodo de cuatro (4) meses calendario contados a partir de la fecha de elegibilidad del proyecto para financiamiento. Si el proyecto no fuese aprobado por el BID dentro de ese plazo, los fondos reservados se considerarán liberados de compromiso, requiriéndose la firma de una nueva certificación para que se renueve la reserva anterior. El compromiso y desembolso de los recursos correspondientes a esta certificación sólo debe ser efectuado por el Banco en dólares estadounidenses. Esta misma moneda será utilizada para estipular la remuneración y pagos a consultores, a excepción de los pagos a consultores locales que trabajen en su propio país, quienes recibirán su remuneración y pagos contratados en la moneda de ese país. No se podrá destinar ningún recurso del Fondo para cubrir sumas superiores al monto certificado para la implementación de esta operación. Montos superiores al certificado pueden originarse de compromisos estipulados en contratos que sean denominados en una moneda diferente a la moneda del Fondo, lo cual puede resultar en diferencias cambiarias de conversión de monedas sobre las cuales el Fondo no asume riesgo alguno.

SHK 
Sonia M. Rivera
Jefe
Unidad de Gestión de Donaciones y Cofinanciamiento
ORP/GCM


Fecha

APROBADO: 
Juan Antonio Ketterer
Jefe de División
División de Mercados de Capital e Instituciones
Financieras IFD/CMF


Fecha