REGIONAL

I.   BASIC INFORMATION

Country/Region:	Regional
TC Name:	Broadband Policy Toolkit for Latin America and the Caribbean (LAC)
TC Number:	RG-T2295
Team Leader/Members:	Agustina Calatayud (IFD/CTI), Team Leader; Felix Gonzalez (IFD/CTI); Enrique Iglesias (IFD/CTI); Nathalia Foditsch (IFD/CTI); and Cecilia Bernedo (IFD/CTI)
TC Abstract authorization Date:	June, 2013
Donors providing funding:	To be determined (TBD)
Beneficiary	Latin America and the Caribbean Region (LAC)
Executing Agency/contact name:	OECD
IDB Funding Requested:	IDB: US$250,000
Local counterpart funding:	Local: US$ 0
	Total: US$250,000
Disbursement period:	9 months
Required start date:	July, 2013
Types of consultants:	Individual consultants
Prepared by Unit:	Competitiveness and Innovation Division (IFD/CTI)
Unit of Disbursement Responsibility:	IFD/CTI
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" 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", also identifies bridging the digital divide as one of the Bank's priorities to promote integration, placing specific emphasis on promoting broadband infrastructure.

II. DESCRIPTION OF THE ASSOCIATED LOAN/GUARANTEE

2.1   No loan or guarantee associated. Stand-alone operation.

III. OBJECTIVE AND JUSTIFICATION

3.1   **Justification.** While the situation of broadband is uneven across the LAC Region, 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 remain in extending broadband access, making spectrum resources available for 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. Moreover, convergence needs to be fully understood in order to adjust regulatory frameworks and seize the opportunities it creates for economic and social development in the LAC region.

3.2   At the same time, demand-side policies should also be addressed. Internet applications have the potential to make businesses more efficient and improve the delivery of public services. They also serve a vital social need by helping improve communication across all sectors of the economy. But, if society is going to benefit, users need a certain basic level of skills and training to make use of the new Internet-based services that are available. 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.

3.3   **Objectives.** The project will draw on existing OECD work and expertise on telecommunication policy and adoption, and will seek to adapt much of this work to the situation in the LAC region. It will, therefore, focus on particular concerns in the LAC countries. This outcome will be achieved by acquiring substantial knowledge about the regional situation (through questionnaires and fact-finding missions), by adapting some of the OECD work to these countries and developing new work when necessary, and by a wide dissemination of the deliverables in the Region. This will ensure a high degree of awareness and understanding of the OECD recommendations by governments and regulators. Interaction between regional stakeholders and the OECD will be facilitated by the Bank.

3.4   Some international institutions have developed policy guidelines and/or toolkits addressed to governments and regulators building on OECD work in these areas (e.g. the World Bank's Broadband Strategies Handbook or the ITU'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 aims to fill two main gaps, which are not sufficiently covered by past work:

3.5 **The need to offer a comprehensive view of the policies required for broadband promotion.** Not only supply-side policies (e.g. competition, infrastructure regulation, spectrum issues) are needed, but a comprehensive, wide-ranging set of policies and regulatory instruments that touch upon both the supply and the demand sides of broadband. Both policy sides should complement each other and feed into a virtuous circle that would boost social and economic benefits. Both approaches are therefore needed, and so is an adequate framework to capture the interactions between broadband supply and demand.

3.6 **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 specific social and economic constraints, different institutional and legal frameworks and significantly different cultural patterns, which would be taken into account in the analysis. The final deliverable will focus on policy instruments and recommendations whose implementation is feasible and realistic in the LAC Region.

3.7 Finally, an additional gap to fill is the desired format to present the deliverables will be that of a policy toolkit. Whereas a publication/book format may also be made available for purpose of dissemination, the policy toolkit format ensures that recommendations and best practices will be presented to policy makers, regulators and other stakeholders in a way that they can be easily implemented. A toolkit also has a training purpose. It can better grasp the actual challenges faced by public authorities, it provides an easy-to-follow structure in the form of "modules" for an improved learning process, and allows for a categorisation of policies to improve the delivery of communication services, from the least to the most interventionist, available to authorities.

3.8 The project responds to the need to develop an enabling public policy environment as part of 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.

3.9 The above activities will be conducted by a valuable partner in the OECD, as the project builds on its experience and relevant work undertaken in this area. The Bank will facilitate interaction, when necessary, between the OECD and the relevant stakeholders in the Region.

IV. DESCRIPTION OF COMPONENTS AND BUDGET

4.1 The proposed components of this TC aim at being the first phase of a larger two-phase project described above, with the purpose of elaborating a broadband policy toolkit for Latin America and the Caribbean.

4.2 **Component 1: Agreement on the contents of the broadband policy toolkit by making an assessment of international best practices that allow to delimit the scope and the most accurate contents.** The proposed structure of the toolkit, to be confirmed in consultation with the Bank, includes eleven areas of interest (modules), as follows:

- Getting the policy and regulatory framework right.
- The importance of wireless – spectrum policy and wireless competition.
- Extending access.
- Addressing bottlenecks – rights of way, submarine cables, local loop, infrastructure sharing, etc.
- Convergence trends.
- Benchmarking and metrics.
- Regional integration: roaming, M2M, taxes on telecommunications.
- Consumer Policy for broadband services.
- Demand-side policies: boosting consumer demand.
- Government demand of broadband services.
- Business demand of broadband services.

4.3 **Component 2: Stock-taking and data collection on countries' broadband policies**. The activities for this component will be the following:

- Preliminary data collection of publicly available information and literature review on broadband policies.
- Preparation of questionnaires to determine the status-quo in terms of broadband policies.
- Follow-up of the questionnaires (at this stage, the initial scope of the project may undergo some changes)
- Fact-finding mission (one week, country(ies) to be determined)

4.4 **Component 3: Detailed structure and design of the broadband policy toolkit.** Based on inputs from activities 1 and 2, detailed structure and design of the toolkit.

4.5 **Expected results.** The expected deliverables of this project component will include:

a. A set of questionnaires for stock-taking and data collection on current broadband policies, to be distributed to LAC countries (i.e. to the 26 borrowing members of the Bank). The questionnaires will be addressed to the public authorities in each of the LAC countries. The OECD, in co-operation with the Bank, will identify a counterpart in each of the countries (typically, the Communications Ministry or telecommunications regulator), which will act as the main interface regarding this project. Parts of the questionnaire will, however, need to be addressed to various institutional stakeholders, e.g. telecommunications regulator, competition authority, spectrum agency, consumer authority, and to other ministries. In particular, it will be necessary

to reach out to different Ministries to cover the demand-side of the toolkit: education, health, competitiveness, public administration, ICT skills. In all these cases, the questionnaire will ask whether and how these government areas use broadband to fulfill their policy objectives, and what policies are being implemented that include/rely on the use of broadband. It is crucial that the OECD, together with the Bank, identifies these authorities and encourages them responding to the questionnaire(s). A separate questionnaire will be sent to each country, with different subsections targeting different authorities. The questionnaires may vary from country to country depending on the institutional structure. The Bank will play a key coordination role here in promoting a high response rate.

b. Data on the current situation regarding broadband policies in LAC countries, including the responses from the questionnaires, publicly available information and a literature review; the responses to the questionnaires will be organized and grouped under different areas of interest, with a view to the final structure of the toolkit.

c. A detailed outline of the scope, structure and design of the policy toolkit, taking into account the feedback received during the data collection phase. This could entail restructuring some of the proposed chapters, creating new areas of interest or establishing linkages between the different areas.

Table 4.1: Indicative Results Matrix

Suggested Indicator (Outcome)	Base Line	Target at the end of the technical cooperation
Broadband Policy Toolkit and recommendations are used by governments and regulators when developing policies needed for broadband promotion	0	Yes
Policy instruments and recommendations are used to assess the situation, and existing or future constraints by governments and regulators in the LAC region	0	Yes

Table 4.2: Indicative Budget

Activity	Description	IDB/Fund funding (USD)	Total funding (USD)
Component 1: Agreement on the contents of the broadband policy toolkit, preliminary scoping and design	Identification of main areas of interest according to research of best international practices in terms of broadband policies	30,000	30,000
Component 2: Stock-taking and data collection on countries' broadband policies	Data gathering structure and collection	150,000	150,000
Component 3: Detailed structure and design of the broadband policy toolkit	Detailed structure and final design of the broadband policy toolkit	70,000	70,000
Total		**250,000**	**250,000**

V.   EXECUTING AGENCY AND EXECUTION STRUCTURE

5.1   This Technical Cooperation will be executed by the OECD in cooperation with the Competitiveness and Innovation Division (IFD/CTI).

VI.   PROJECT RISKS AND ISSUES

6.1   The major risk identified relates to the availability of information to customize the broadband toolkit to the realities of very different contexts in the region. To mitigate the risk, the toolkit will refer to extensive studies conducted by the Bank in the region as well as OECD relevant research and publications. External and local sources of information will also be used as needed.

VII. EXCEPTIONS TO BANK POLICY

7.1   No exceptions to Bank policy are foreseen.

VIII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

8.1   Due to the nature of this TC, there are no expected environmental and social risks associated with the implementation of the project. The operation was classified as Category "C", according to the Bank's classification system. No environmental assessment studies or consultations are required for Category "C" operations (please see link: IDBDocs#37823151).