TECHNICAL COOPERATION DOCUMENT (TC-ABSTRACT)

REGIONAL

I. BACKGROUND

Country:	Regional
TC Name:	2nd Ministerial Forum for Broadband Development in Latin America and the Caribbean
TC Number:	RG-T2598
Team Leader/Members:	Antonio García Zaballos (IFD/CMF), Team Leader; Felix González(IFD/CMF); Inkyeun Jeun (IFD/CMF); Enrique Iglesias (IFD/CMF); Lorena Cano (IFD/CMF); Florencia Attademo (IFD/CMF); and Cecilia Bernedo (IFD/CMF).
TC Taxonomy:	Research and Dissemination (RD)
TC Abstract authorization:	May 28, 2015
Beneficiary:	Borrowing Member Countries in LAC Region
Executing agency and contact name:	Inter-American Development Bank, Antonio García (antoniogar@iadb.org)
Donors providing funding:	Knowledge Partnership Korea Fund for Technology and Innovation (KPK).
IDB Funding Requested:	US$250,000
Donor/Counterpart Funding:	US$100,000 (Ministry of Science, ICT and Future Planning of Korea)
Disbursement period:	24 months (18 months execution period)
Required start date:	June, 2015
Types of consultants:	Individual Consultants
Prepared by unit:	Capital Markets and Finance (IFD/CMF)
Unit of disbursement responsibility:	IFD/CMF
TC included in country strategy:	N/A **TC included in CPD:** N/A
GCI-9 sector priority	The current Sector Strategy: "Institutions for Growth and Social Welfare" identifies *improving innovation and productivity* as a major area where the Bank can help the region overcome the challenges that hinder growth and social welfare. 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.

II. OBJECTIVES AND JUSTIFICATION OF THE TC

2.1 **Objectives.** The ultimate objective of the TC is to transfer knowledge and develop strategic partnerships and cooperation in the field of broadband development to Latin American and the Caribbean (LAC) countries under the framework of the broadband special program of the IDB. To do so, the TC will support the 2nd Ministerial Forum (the Forum) jointly held by the IDB and the Ministry of Science, ICT and Future Planning of

Korea (the MSIP) in LAC. By learning from the best practices of developed countries and international organizations, the highest level officials in ICT related Ministries from the LAC Region will get to utilize specific approaches to address their countries' broadband priorities.

2.2   Via the Forum, the proposed TC aims to set out to provide practical and strategic support framework for member countries in the Region. For two years after the Forum, the Bank and the MSIP will target several critical areas[1] in broadband development and provide consultation services to address these specific areas. The subjects will be selected in the process of preparing the Forum through dialogues among the IDB, the MSIP and beneficiary countries. The Bank and the MSIP, with their convening power, will strive to assign specialized public institutions to each target area and facilitate these institutions to furnish consulting services with their financial and human resources. In some areas, private companies may make useful commitment of their resources based upon their experience executing government projects. The IDB, if necessary, will assist with technical cooperations for additional services upon the request of beneficiary countries.

2.3   **Justification.** The persistence of the digital divide in Latin America and the Caribbean—in terms of broadband access, adoption, and usage—is a major challenge for the Region's development. The main obstacles to broadband development in the Region are: (i) high prices of services, hardware, and software needed for broadband access; (ii) low broadband quality and speed, falling short of the requirements of new services and applications; and (iii) a lack of knowledge and capacities to use these services effectively.

2.4   Broadband is well known as an enabler of development for countries in the pursuit of economic and social development, since could drive economic growth by contributing to the enhancement of the national competitiveness, the increase of productivity and efficiency, as well as job creation. In recent years, the economic impacts of broadband, through its acceleration, penetration, adoption and effective use have brought clear social and economic benefits. It has been estimated that 10% growth of broadband penetration would raise GDP of high-income countries by 1.21% and that of low-income countries by 1.38% (World Bank, 2009). In particular, in the Latin American and the Caribbean (LAC) Region, it is estimated that an increase of 10% in broadband penetration, on average, has been associated with the increase of 3.19% in GDP; 2.61% in productivity and a net generation of more than 67,000 jobs[2].

2.5   There are various benefits that broadband might bring to the economy in terms of improvement in the delivery and accessibility of education and training, promotion of equality and inclusion of rural or disadvantaged communities, support to civil disaster relief, remote medical assistance (known as 'telemedicine'), increasing competition and social cohesion and interaction. This is leading the governments to announce significant

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[1]   The critical areas are: (i) creation of a regulatory environment that will facilitate competition and investment for accelerating and expanding broadband access, adoption, and usage; (ii) Development of strategies for Broadband Network deployment; (iii) capacity building of relevant government agencies and citizens to pursue the universal broadband access, adoption, and usage; (iv) management and allocation of spectrum frequencies to effectively deploy wireless systems; (v) improvement of cyber security; (vi) adoption and utilization E-Applications(e-government, e-commerce, e-education, e-health etc.); and (vii) Technologies development and transfer system.

[2]   García-Zaballos, A. / López-Rivas, R.: Governmental control on socio-economic impact of broadband in LAC countries. IDB, 2012.

broadband development programs in order to take advantage of the new and different technologies that are available. An example of these measures are the national broadband plans, a diverse set of initiatives of national governments in LAC developed in recent years, whose main objective is to accelerate the deployment and adoption of broadband services.

2.6   Despite of the recent efforts, the challenge to accelerate the access, adoption and use of broadband through a government-lead approach remains in LAC. While many government officers in telecommunications government agencies in the Region are aware of the significance of broadband for the development of countries, their capability to diagnose problems and to provide appropriate solutions related to the various obstacles in the field is something that is many times insufficient. Hence, the demand for expertise from highly specialized public institutions is made clear.

2.7   In the 21st century, South Korea has been the leader in the development of a "knowledge[3] and information economy[4]" which is highly dependent on access to a fast and comprehensive broadband network. According to the International Telecommunications Union (ITU), South Korea's achievement in this area can almost be classified as a miracle since the country is not demographically or economically suited to have the highest Internet penetration in Asia (ITU, 2003). The development of its modern, sophisticated broadband infrastructure, policies, and regulations were key foundational pillars of Korea's transformation.

2.8   One reason for South Korea's success was a comprehensive policy approach that strived to create an environment that was conducive for innovation, competition and adoption. The rapid adoption of broadband by Korean industries and citizens, and the government's push for nationwide informatization, helped Korea recover from the economic crisis and advance to its current stage of development. The lessons learned from the experience of Korea, which is recognized as to having one of the highest broadband penetrations in the world, are valuable and a laudable target for countries in the LAC Region. However, the lessons from the Korean experience should be adapted to the current realities in the LAC countries.

2.9   In this regard, the IDB plans to extend the cooperation and partnership with the Government of Korea and its resources in Broadband to facilitate and address the specific circumstances of member countries in the Region by supporting the Forum.

III.   DESCRIPTION OF ACTIVITIES

3.1   **Component 1: Broadband priority assessment and partnership building.** The objective of this component is to provide the framework for the Forum. A preparatory team will

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[3]   A knowledge economy is the use of knowledge as the key engine of economic growth. It is an economy in which knowledge is acquired, created, disseminated, and used effectively to enhance economic benefits as well as job creation. (Suh, J. / Chen, D.: Korea as a Knowledge Economy, 2007).

[4]   An information economy is where the creation, distribution, use, integration and manipulation of information is a significant economic, political, and cultural activity. It is characterized by: (i) convergence and integration of communication and data processing technologies into information technology (IT); (ii) pervasive influence of IT on economic activity such that the most workers are information workers and most products are information products; and (iii) application of IT networks throughout the economic institutions, organizations, and processes resulting in a very high degree flexibility and acceleration of globalization. (http://www.businessdictionary.com/definition/information-economy.html).

facilitate discussions with the Broadband relevant Ministers of the beneficiary countries in advance of the Forum. The scope of the activities to be implemented within this component will be:

3.2 **Activity 1: Evaluate broadband priorities for each LAC participant.** An assessment of specific issues and priorities of relevant ministries in the LAC Region concerning Broadband deployment, adoption and use; which will serve as the basis for the subject matter matchmaking session that will be part of the Forum. To narrow the scope of the Forum, the ministries will choose seven relevant topics areas from the ones described in the footnote 1 of paragraph 2.2

3.3 **Activity 2: Establish preliminary strategic partnerships to effectively address priorities and develop support mechanisms.** Based upon activity 1, seek potential partnership programs for each participating country to effectively address its priorities by drawing on relevant institutional capacity of public sector agencies with specialized expertise and their support programs.

3.4 **Output/Immediate Results.** Through the completion of the activities presented on this component, the Forum will have information sufficient to lead productive and practical dialogues among participants from the LAC Region and specialized institutions with experience with dealing with their specific broadband priority, thereby setting up effective programming of strategic partnership.

3.5 **Component 2: Knowledge sharing, training and partnership building during the 2nd Ministerial Forum for Broadband Development.** Knowledge sharing and training activities for the highest-level officials of the ministries relevant to broadband development. The Forum will take place with approximately 30 participants from 15-26 countries from the LAC Region, and participants from the Korean Government, other Broadband related public institutions and private companies.

3.6 **Activity 1: Experiences in broadband development.** A case study of broadband development will be presented focusing upon the role and responsibility of public sector and successful application of broadband to social and economic issues such as citizen security, health, education, transportation, etc. Furthermore, the participants, for the purpose of filed study, will visit local governments, companies, schools and the like where they can witness how fundamentally broadband changed the way of business and life.

3.7 **Activity 2: Broadband priority matchmaking and strengthening of partnerships.** Organize LAC participants in similar Broadband development stages and priorities with strategic partners; facilitate commitments among stakeholders in regards to the creation of financial and technical support mechanisms to assist these LAC countries address their broadband priorities.

3.8 **Output/immediate results.** Through the completion of the activities presented in this component, the participating LAC countries will capitalize on the current development programs at the IDB and Government of Korea, to develop their vision and agenda for

Broadband development, utilizing support programs via cooperative partnerships with Broadband-related public institutions and private enterprises.

3.9   **Component 3: Technical notes on broadband priorities.** Broadband priorities and corresponding project results from Component 1 and 2 will be summarized and disseminated.

3.10   **Activity 1: Dissemination of the results from the Forum.** Document priorities of each participating countries and the matching results of partnership between participating countries and Broadband specialized public institutions, which will include aspects of consulting services, financial mechanism for rendering said services and commitments from relevant stakeholders.

3.11   **Output/immediate results.** A report for the activities in Component 3 will be completed in two months after the Forum by furthering in-depth dialogues between potential partners on the basis of the results of the dialogue.

Table 4.1: Indicative matrix of the results

Indicative Results Matrix			
Results Statement	**Impact Indicators**	**Baseline level**	**Target Level (2016)**
1. Expressions of interest to participant in the Ministerial Conference for Broadband Development	Number of RSVPs received	0	12
2. Knowledge on Broadband Priorities increased amongst LAC participants	Define Broadband priorities of LAC participating country	0	80% of participants evaluate the knowledge increase as "highly increased"
3. Technical and financial cooperation with public institutions with expertise in strategic sectors	Number of projects	0	5
Outcome Indicators			
Component 1: Broadband priority assessment and partnership building	**Baseline level**		**Target Level (2016)**
# set of Broadband priorities defined	0		12
# of preliminary strategic partnerships developed	0		5
Component 2: : Knowledge sharing, training and partnership building during the 2nd Ministerial Forum for Broadband Development	**Baseline level**		**Target Level (2015)**
# of Ministerial Participants from LAC	0		12
# of Total Participants from LAC	0		25
Component 3. Technical notes on broadband priorities	**Baseline level**		**Target Level (2016)**
# of Technical Note Publication	0		1

IV. BUDGET

Table 4.2: Budget

Component	Sub-Components			Funding Sources		Total amount
	Consulting	Travel & Hotel	Other	IDB	Counterpart Resources (Korea)	
Component 1: Broadband priority assessment and partnership building	17,000	-	-	17,000	-	**17,000**
Consultant to Support in the preparation and coordination of activities for the event, facilitate discussions amongst strategic partners	17,000	-	-	17,000	-	17,000
Component 2: : Knowledge sharing, training and partnership building during the 2nd Ministerial Forum for Broadband Development	-	228,000	101,000	229,000	100,000	**379,000**
Coverage for the LAC attendees and participation for the broadband conference (15 VIPs & 15 Associates)	-	203,000	-	203,000	-	253,000
Coverage for inviting the keynote speaker		9,000		9,000		9,000
Coverage for Convention Facilities, Support Staff	-	-	84,000	-	84,000	84,000
Coverage for meals		16,000			16,000	16,,000
Coverage for vehicles and field trip			17,000	17,000		17,000
Component 3: Technical notes on broadband priorities	4,000	-	-	4,000	-	**4,000**
Consultant to Support in the preparation of Technical Note	4,000	-	-	4,000	-	4,000
Grand Total For Forum	**21,000**	**228,000**	**101,000**	**250,000**	**100,000**	**350,000**

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

5.1 Considering the project is regional and needs extensive partnership with international organizations, academies and private firms, the executing agency will be the IFD/CMF Division, which will operate in coordination with the Korean government. 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 The monitoring and evaluation of the Project will consist of a survey to be filled by delegates attending the Forum in order to review the value of the activities in terms of knowledge transfer and the strategic partnerships.

VI. MAJOR ISSUES AND RISKS

6.1   This project entails two risks that could potentially affect the project: (i) low response rate of Minister Level Officials to broadband priority inquiry; and (ii) how to effectively respond to country demands and achieve tangible strategic partnerships from the Forum.

6.2   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 as a channel to facilitate preliminary dialogue. The second risk will be reduced since the preparatory team consisting of the IDB specialists and consultants and the executing agency of the Korean side will actively research and communicate with countries from months prior to the date of the Forum.

VII. EXCEPTIONS TO BANK POLICY

7.1   No exceptions to Bank policy are foreseen.

VIII. ENVIRONMENTAL STRATEGY

8.1   There are no social or environmental risks associated with this operation. This operation is classified as a Category "C" according to the classification toolkit of the Bank (please see: IDBDocs#39404027).