

TECHNICAL COOPERATION ABSTRACT

I. BASIC PROJECT DATA

Country:	Costa Rica
TC Name:	Costa Rican National Broadband Plan
TC Number:	CR-T1099
Team Leader/Members:	Félix González (IFD/ICS), Team Leader; Enrique Moreno (IFD/ICS); Enrique Iglesias (IFD/ICS); and Cecilia Bernedo (IFD/ICS)
TC Abstract authorization:	Marzo, 2014
Operation type:	Client Support (CS)
Reference to request:	IDBDocs#38667565
Donors providing funding:	TBD
Beneficiary:	Costa Rica
Executing Agency and contact name:	Inter-American Development Bank, Institutional Capacity of the State Division, Félix González (felixg@iadb.org)
IDB Funding Request:	US\$250,000
Local Counterpart:	US\$ 0
	Total: US\$250,000
Required start date:	April, 2014
Execution period:	12 months
Technical Unit:	IFD/ICS
Type of consultancy:	Firm
Included in Country Strategy/included in CPD:	Yes [] No [X]
GCI-9 Sector priority:	Strategic subtheme in the current Sector Strategies: “Support Competitive Global & Regional Integration” (GN-2565-4); and “Institutions for Growth and Social Welfare” (GN-2587-2).

II. OBJECTIVE AND JUSTIFICATION

- 2.1 **Justification.** Costa Rica has embraced broadband as a catalyst for economic growth and social inclusion. This is reflected in their current National Broadband Plan (NBP) that was launched in 2009 and covered the period 2009-2014.¹ Although this comprehensive strategy has had tremendous positive effects in terms of broadband development (the number of broadband subscriptions rose from 107K² in 2008 to more than 448K in 2012), the country still faces challenges in terms of broadband access, adoption and usage. This particular situation unveils a divide with the developed countries. Whereas broadband penetration in the

¹ The current NBP is available at <http://www.telecom.go.cr/index.php/publicaciones/telecom/publicaciones/estrategia-nacional-de-banda-ancha-consulta-publica/download>

² UIT *Estadísticas* <http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>

OECD countries averages more than 75 percent, in Costa Rica it averages 10 percent. There is also a divide within Costa Rica, between urban and rural areas. Whereas in departments like San Jose, 55 percent of households enjoy Internet connection and 53 percent own a computer; in others, like Limon only 27 percent of households have Internet connection, and 31 percent own a computer.

- 2.2 To overcome that challenging situation, the country needs a revised, far-reaching and consistent national policy to encompass all the different angles through which such complex issue should be looked at and renewed national objectives in terms of broadband access, adoption and use. The Government of Costa Rica (GoCR) is aware of that fact and has requested the Bank's support for the review of the current NBP in order to develop a new version that covers the next five-year period (2015-2020). The new NBP will be based on a review of the existing policy framework taking into account the needs of citizens, enterprises and public institutions. It will also outline specific actions and strategies (public policies and strategic regulation) both on supply and demand to achieve the national goals in terms of broadband universality and affordability.
- 2.3 Due to the aforementioned reasons, the new NBP is a priority for GoCR to: (i) continue narrowing the divide in terms of broadband access, adoption and use with respect to other countries; (ii) use broadband as an economic growth and social inclusion catalyst; and (iii) make the NBP one of the pillars of the National Telecommunications Development Plan.
- 2.4 **Alignment with the Bank's Strategy in Costa Rica.** Broadband has a catalytic effect across sectors (government, education, healthcare, business, justice, etc.) and is an element of social inclusion. For this reason, this TC indirectly impacts some of the strategic lines described in the Costa Rican Strategy of the Bank, such as: (i) education improvement (the broadband plan will consider education as a sector to address); (ii) incorporation to the labor market (by having the goal of providing citizens with Internet connectivity, which will enable them to get access to training and employment portals); and (iii) improvement of the government institutional capacity (by means of the development of innovative e-government solutions).
- 2.5 **Objectives of the project.** The objective of this Technical Cooperation (TC) is to support the GoCR in to promote broadband universalization in terms of access, adoption and usage by means of a comprehensive strategy that will be consolidated in the form of an updated NBP.

III. DESCRIPTION OF ACTIVITIES

- 3.1 This TC will finance activities mainly directed to generate the new NBP using as a starting point the existing current NBP and the renewed national objectives

- determined by the GoCR.³ The new NBP will cover the five-year period 2015-2020 and will address access, adoption and usage.
- 3.2 In addition to the current NBP and national objectives, the analysis will consider the international experience as a reference of the strengths, limitations and problems of the various broadband plans that have been deployed globally.
- 3.3 The components of this framework will be the following:
- 3.4 **Component 1 – Development of the National Broadband Plan.** This Component will develop the new NBP using as an input the existing NBP and the national objectives in terms of access, adoption and usage. Starting from the existing strategy, the objective of this Component will be to update and complement, when appropriate, all the assumptions, facts, and objectives and propose specific plans, projects, actions and policies to support the renewed government goals. It is important to note that the recommendations will focus on both supply and demand, and in the case of proposed specific projects, estimated CAPEX and OPEX⁴, and timing will be included. Additionally, the work will be done in coordination with the relevant stakeholders (e.g. Vice-Ministry of Telecommunications – VMTEL, regulatory body – Superintendencia de Telecomunicaciones (SUTEL) to ensure their support.
- 3.5 As for the supply side, this study will conduct a high level analysis of the needs in terms of infrastructure so that specific projects and actions are proposed to achieve the national objectives in terms of universality and affordability.
- 3.6 As for the demand side, this Component will also finance the development of a comprehensive analysis that includes the current status of social and productive sectors as well as challenges and opportunities regarding the leveraging of broadband technologies. Based on the results of the analysis, the study will identify a set of specific projects targeted to overcome the challenges identified in the diagnosis.
- 3.7 Among others, some examples of actions under this Component are: (i) the promotion of the use of Information Communications Technologies (ICTs) and broadband in education; (ii) the advancement of the technical capacity towards a national telemedicine system; (iii) the promotion of the use of ICT in micro and small enterprises; (iv) the promotion of e-government services by the national, state and local governments; or (v) a plan to spread the use of devices among citizens, enterprises and public institutions.
- 3.8 **Component 2 - Establishment of regulatory recommendations.** This Component will finance the formulation of recommendations in terms of strategic regulation. Those recommendations must be intended to achieve the national objectives (in terms of access, adoption and usage) and the plans outlined in the revised NBP, and will therefore constitute an important element of the NBP.

³ As a reference National Broadband Plan and structure, the firm is advised to consult the NBP developed by the Bank's Broadband Team to support the Government of Panama.

<http://www.innovacion.gob.pa/descargas/PlanEstrategicoBandaAncha.pdf>

⁴ CAPEX are the capital expenditures (investments) and OPEX are the operating expenditures

Examples of regulatory recommendations are: (i) efficient use of spectrum, (ii) interconnection and unbundling regulation; (iii) cost accountability frameworks, (iv) market analysis, (v) generation of sector sustainable economic models; (vi) efficient use and structuring of universal service funds; (vii) regulation of rights of way; (viii) infrastructure sharing regulation; or (ix) regulations and policies on price, coverage and quality. All the regulatory recommendations will be condensed in a plan that will contain the budget and timing per proposed activity (e.g. if one activity recommended is to develop regulation of infrastructure sharing, then the effort will have to be estimated in monetary and timing terms).

- 3.9 **Component 3 - Design of a Governance model.** This Component will finance the development of a governance model that promotes concerted efforts among the various stakeholders involved in the implementation of the NBP in general, and specifically on all the proposed projects under Component 1. A coordinating body will be established, as well as the design of mechanisms for consultation, monitoring and evaluation. Additionally, the Component will include a detailed chronogram for the implementation of the NBP clearly identifying the responsibilities of the stakeholders involved.
- 3.10 **Component 4 – Dissemination and edition of the NBP to foster policy discussion with relevant stakeholders.** This Component will also finance a workshop to disseminate and socialize the plan among stakeholders in Costa Rica, such as the SUTEL, the VMTEL and others who may be interested or involved. The objective of this workshop will be not only to disseminate the results, but also to foster the policy discussion among relevant stakeholders and ensure a rapid and effective implementation of the plan.
- 3.11 This Component will finance the edition of the NBP into a single document,⁵ including the printing of a certain number of copies. This activity will be completed after the socialization stage.
- 3.12 **Expected results.** As a result of this technical cooperation Costa Rica will increase the access, adoption and usage of broadband services by means of an updated robust NBP.

⁵ A suggested structure of the document may be: (i) diagnosis of broadband (in terms of access, adoption and usage); (ii) national objectives; (iii) connectivity plan (access) with estimated budget and timeline per initiative; (iv) adoption and usage plan with estimated budget and timeline per initiative; (v) regulatory recommendations; (vi) public policy recommendations, (vii) governance model; and (viii) roadmap.

Table 3.1: Indicative matrix of the results

Suggested indicator	Measurement Unit	Baseline	Target at the end of the TC
Output Indicators:			
Component 1 – Development of the National Broadband Plan - National Broadband Plan	No. of Documents	0	1
Component 2 – Establishment of regulatory recommendations* - Regulatory Recommendations Framework.	No. of Documents	0	1
Component 3 – Design of a Governance model* - Governance model - Detailed chronogram for the implementation of the NBP clearly identifying the responsibilities for the stakeholders involved	No. of Documents	0	1
	No. of Documents	0	1
Component 4 – Dissemination and edition of the NBP to foster policy discussion with relevant stakeholders - Dissemination workshop - Edition and printing of copies	No. of Workshops	0	1
	No. of Copies	0	10
Outcome Indicators:			
Increased government awareness and understanding of the current status of broadband in the country and additional related set of actions to accelerate the penetration, adoption and use of broadband services (in the form of a NBP)	No. of citations of the TC products in national government strategic documents	0	3

* Please note that the National Broadband Plan is expected to be a single document. The regulatory recommendations will be part of the NBP (they have been separated into different components for clarity purposes) as the governance model will.

Table 3.2: Indicative budget

Activity/ Component	Description	IDB/Fund Funding	Total Funding
Component 1	Development of the National Broadband Plan	125,000	125,000
Component 2	Establishment of regulatory recommendations	70,000	70,000
Component 3	Design of a Governance model	25,000	25,000
Component 4	Dissemination and edition of the NBP to foster policy discussion with relevant stakeholders	30,000	30,000
Total		250,000	250,000

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 Given the fact that in the NBP there will be different entities and ministries involved, the technical cooperation will be executed by the Institutional Capacity of the State Division, which will operate in coordination with the staff of the SUTEL (the regulatory body in Costa Rica and main counterpart), the Vice-Ministry of Telecommunications, and other stakeholders involved.

V. PROJECT RISKS AND ISSUES

- 5.1 One of the major risks for this TC is obtaining a final product—the proposal for a National Broadband Plan—which is not fully implemented by the Costa Rican

Government. In order to mitigate this risk, the Bank will lead the execution of the TC, and make sure that the recommendations are shared among main relevant players. Additionally, to mitigate the previous risk, as it has been described, the TC includes, under Component 3, a chronogram with the responsibilities associated to each of the agents involved.

- 5.2 Another risk associated to this TC is a possible lack of responsiveness from the institutions involved. To solve this, all the institutions will be involved in the process from the beginning and will participate at the final dissemination workshop. Additionally, to ensure a high degree of participation of the institutions, SUTEL will actively participate in the review process of the documents produced.

VI. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 6.1 Due to the nature of this TC, there are no expected environmental and social risks associated with the implementation of the project. This operation is classified as a Category “C” according to the classification toolkit of the Bank (see the link: [IDBDocs#38667564](#)).