

**INTER-AMERICAN DEVELOPMENT BANK  
SUSTAINABLE DEVELOPMENT DEPARTMENT  
INFORMATION TECHNOLOGY FOR DEVELOPMENT DIVISION  
(SDS/ICT)**

**LATIN AMERICAN – EUROPEAN UNION FORUM ON AN ALLIANCE FOR THE  
INFORMATION SOCIETY (@LIS)**

**COOPERATION WITH THE EUROPEAN COMMISSION, FINANCING STRATEGIES  
AND NATIONAL STRATEGIES FOR THE INFORMATION SOCIETY**

**Presentation by Mr. Danilo Piaggese, Division Chief  
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**I. BACKGROUND**

**A. Inter-American Development Bank: Information and Communication Technology for Development Strategy**

- 1.1 During April 1999, the Bank approved Operational Policy “Information Age Technologies and Development” (OP-711). This statement establishes the Bank’s strategy, objectives and operating policy in the emerging area of information and communication technology (ICT), as a major factor in the future of social and economic development and growth of the Region. The document establishes, among others, the following areas of action for the Bank: (a) support national efforts in the definition, implementation and development of ICT; (b) support the establishment of regulatory and policy frameworks for the ICT sector in the Region; (c) analyze the Region’s ICT infrastructure needs; (d) support national ICT infrastructure investment planning; and (e) provide financial/lending support for the implementation of ICT to enhance the social and economic development process of the countries of the Region, and improving the access to public services by the population.

**B. The Information and Communication Technology for Development Division**

- 1.2 The Information Technology for Development Division (SDS/ICT), formerly, the Information Technology for Development Unit (IDU) was created in January, 1999 to enhance the capacity of the Bank to reinforce the economic, social and political reforms in borrowing member countries, by promoting innovative applications of ICT towards an equitable and sustainable development of the Region. The Division’s main functions include: (a) provision of technical backstopping to the Bank in the identification and formulation of ICT projects and program components; (b) provision of strategic and technical advice on use of information management technologies; (c) establishment of cooperation and cofinancing agreements with other agencies and organizations; (d) promotion of linkages with public and private institutions of the Region to support applied research and the implementation of pilot projects related to the utilization of ICT; and (e) preparation of strategic analyses of needs, priorities and opportunities in borrowing member countries.
- 1.3 Based on such mandate and objectives, the Bank, through the ICT Division, supports its borrowing member countries of the Latin American and Caribbean (LAC) Region in

accomplishing a more efficient, equitable and sustainable development as a result of the execution of various programs based on information and communication technologies.

### **C. Inter-Institutional and Cofinancing Strategy**

- 1.4 The information and communication technology inter-institutional and cofinancing strategy of the Bank consists of seeking avenues of cooperation with international organizations, civil society institutions and private sector enterprises to leverage the technical and financial resources available to promote the use and implementation of information and communication technologies in the Region.
- 1.5 Since its inception in January, 1999, SDS/ICT has established important cooperation agreements with, among others, the Information Society Technology Program (IST) of the European Commission (EC), the International Telecommunications Union (ITU), the Food and Agriculture Organization of the United Nations (FAO), the International Labor Organization (ILO), and the “Asociación Hispanoamericana de Centros de Investigación y Empresas de Telecomunicaciones” (AHCJET). Based on the Bank’s information and communication technology strategy, these agreements allow today for the joint implementation and cofunding of information technology pilot projects, and the undertaking of diffusion and dissemination and training activities in the borrowing member countries of the Region. Also, the Division continues to bring together these players and leverage a joint contribution to the development and implementation of information and communication technology strategies by the governments and stakeholders of the member countries of the Region.

## **II. COOPERATION BETWEEN THE INTER-AMERICAN DEVELOPMENT BANK AND THE EUROPEAN COMMISSION IN INFORMATION AND COMMUNICATION TECHNOLOGY FOR DEVELOPMENT**

### **A. Pilot Program for the Diffusion of Information Technologies en Social Programs**

#### **1. Background**

- 2.1 The regional technical cooperation “Pilot Program for the Diffusion of Information Technologies in Social Programs” represents the first joint effort of the Inter-American Development Bank (IDB)--through its Information Technology for Development Division (SDS/ICT)--and the European Commission (EC)--through its Information Society Technologies Program (IST)--, in the area of information and communication technology for development in Latin America and the Caribbean (LAC).
- 2.2 It consists of a cofinancing/parallel financing scheme comprised of: (a) IDB with US\$500,000 from the Fund for Special Operations (FSO); (b) EC with approximately US\$1.5 million from IST; and (c) additional counterpart funding from beneficiary/participating institutions.

#### **2. Objectives and Characteristics of the Pilot Program**

- 2.3 The objective of the Program is to encourage the use and application of information and communication technologies in social development projects by civil society organizations

and public institutions, to the extent that such technologies may contribute to greater efficiency in the attainment of their poverty reduction and social equity goals.

- 2.4 The Program has three components: (i) promotion and diffusion of ICT; (ii) financing of individual projects of applications of ICT to the social sectors (education, health and environment); and (iii) evaluation of results and dissemination of best practices and lessons learned.
- 2.5 The priority areas of the pilot program include: (a) human resources education and training; (b) poverty reduction and social protection networks; (c) environment and natural disaster management; (d) public health; and (e) commerce and integration.
- 2.6 Under the agreement between the Bank and the EC, a parallel and independent budgetary administration of financial resources will be deployed once the disbursements begin. Under the consortia/partnership institutional implementation scheme, LAC organizations will benefit from IDB's non reimbursable funding while European organizations will benefit from IST's grant funding.

### **3. Benefits of the Pilot Program**

- 2.7 The Program presents the following benefits: (a) it allows for the leveraging of the available financial and technical resources to undertake social and poverty reduction actions through the use of information and communication technologies; (b) it constitutes a new area of cooperation between the European Commission and the IDB; (c) it contributes to the poverty reduction efforts of the Bank in LAC; and (d) as a result of the pilot projects, best practices and lessons learned will be generated from the use of ICT in the social sectors.

### **4. Limitations of the Pilot Program**

- 2.8 The following limitations have been encountered in the initial stage of Program implementation:
  - (a) an unbalance exists between IST's grant resources that finance solely European institutions, and the available Bank's non-reimbursable resources that finance LAC institutions along with the limited counterpart funding;
  - (b) a greater impact would be achieved if EC's financial resources would reach both, European and LAC partners, so as to effectively leverage the Bank's and local resources and, thereby, allow for the implementation of pilot and demonstrative projects of a larger scale; and
  - (c) there is a need for further promotional efforts (accompanying measures) from IST to leverage the diffusion activities already undertaken by the Bank's ICT Division. This, beyond the EUROLATIS activities.

## **B. Memorandum of Understanding Between the Inter-American Development Bank and the European Commission**

- 2.9 A memorandum of understanding (MOU) between the IDB and the EU was recently approved by the Bank's Coordination Committee and the European Commission (with

signature pending). The MOU seeks to reinforce the partnership between the Bank and the EC, and to deepen and extend their current inter-institutional cooperation towards the development of the Latin American and Caribbean Region (LAC). In particular, the Bank and the EC agree to strengthen their collaboration through the implementation of common strategies and programs aimed at the social and economic development of the countries of the LAC.

- 2.10 Such collaboration will take place in the following shared priority areas: (a) consolidation of democracy; (b) social equity and poverty reduction; (c) regional integration; and (d) development of information technologies and shared knowledge society.
- 2.11 The cooperation between the two organizations will be implemented through a series of actions including, among others: periodic inter-institutional consultations on regional political, economic and social trends and global issues; and multi-annual planning of operations, activities and financing modalities; and periodic meetings on strategic issues, evaluations and courses of action with respect to the joint collaboration agreement.

### **1. Instruments of Cooperation**

- 2.12 The MOU establishes specific non-financial and financial instruments for the cooperation between the Bank and the EC. Non-financial instruments include seminars and workshops, joint appraisals of development issues and programs; sharing of knowledge, information and training; and digital hyperlinks. Financial instruments include parallel cofinancing activities; joint cofinancing schemes; trust fund financing; and other financial modalities.

### **2. The Information Technology for Development Division and the MOU**

- 2.13 The Information Technology for Development Division (SDS/ICT) has, since its inception, undertaken a series of activities consistent with the strategy, content and scope of the proposed MOU, with particular emphasis in information and communication technology as main instrument to foster the social and economic development of the LAC Region.
- 2.14 **First**, its three areas of strategic action, namely, new economy, human capital and digital democracy, constitute the main pillars to support the socioeconomic development process in the Region with precisely, ICT permeating all three fields. Such areas are consistent with the priority areas of the MOU including the consolidation of democracy and human rights, social equity and poverty reduction, and regional integration, with the development of information technologies and the knowledge society as main tool to contribute to such goals and objectives.
- 2.15 **Second**, based on one of the Division's mandates to foster the development of cooperation and cofinancing arrangements along with the development of linkages with public, private and civil society sectors, SDS/ICT has been implementing technical cooperations (financial products) such as the Pilot Program which is aimed at socioeconomic development and poverty reduction in the Region through the deployment of ICT, and by leveraging the Bank's and local resources with other multilateral technical and financial resources.

- 2.16 **Third**, in coordination with the Bank's regional departments, the Division seeks to mobilize additional non-reimbursable and loan resources through new flexible financial instruments that can effectively allow for the diffusion, introduction and take up of these emerging technologies as part of the development process in the Region.
- 2.17 These, among other factors, determine that the SDS/ICT Division is in a strategic position within the Bank's organizational structure to act as focal point to instrument the goals, objectives, activities and actions established in the MOU between the IDB and the EC.

### **III. IMMEDIATE AND FUTURE EFFORTS OF THE BANK TOWARDS INTER-INSTITUTIONAL COOPERATION IN INFORMATION AND COMMUNICATION TECHNOLOGY FOR DEVELOPMENT**

#### **1. Technical Cooperation and Loan Operation Programs**

- 3.1 The Bank, through the Information Technology for Development Division (SDS/ICT), will continue with its efforts to mobilize additional resources to finance initiatives and applications of information and communication technology--with special emphasis in the social sectors--in the LAC Region. In particular, it will design technical cooperation and regional technical cooperation operations to mobilize non-reimbursable resources. It will also aid the Bank's regional departments to effectively meet the Region's demand in the area of information and communication technology for development and poverty reduction through the structuring of loan operations based on flexible lending instruments.
- 3.2 In particular and, in the short term, the Division will initiate the design of the following operations:
- (a) design and implementation of the technical cooperation "Information and Communication Technology for Poverty Reduction Fund" (Tech Fund) to be financed with a multi-donor financing facility (TC-Funds) and the Bank's FSO resources. The objective of the Fund is to finance a series of ICT demand, supply and infrastructure assessment studies, pilot projects and project preparation activities in the area of information and communication technologies applied to the social sectors;
  - (b) extension of the present regional technical cooperation "Pilot Program for the Diffusion of Information Technologies in Social Programs" to be financed with additional FSO resources;
  - (c) mobilization of additional donor funding (TC-Funds) towards the preparation of demand-based ICT for development operations; and
  - (d) contribution to the Bank's regional departments in the structuring of innovation loans, project preparation facilities and other flexible lending operations to effectively mobilize financial resources towards the implementation of various development projects in the emerging and dynamic area of ICT.

## **2. The @lis Program of the European Commission**

- 3.3 The European Commission is in the process of designing the Alliance for the Information Society (@LIS) Program. As initially stated, the general objective of the Program is to promote the information society and fight against the digital divide throughout the Latin American and Caribbean Region. @lis will promote cooperation between Latin American and European counterparts so as to better serve the needs of local communities and citizens within a sustainable development process.
- 3.4 The specific objectives would be to, among others:
- (a) stimulate an open dialogue between national and local governments, regional institutions, regulators, standards makers, private sector, intermediary institutions, and stakeholders;
  - (b) increase the interconnection the research and development communities of Europe and Latin America;
  - (c) implement ICT applications based on demonstration projects involving operators and other stakeholders in four main areas including local e-governance, e-learning, education and cultural diversity, public health, and e-inclusion; and
  - (d) integration of the Latin American countries to the global information society by stimulating technological partnerships through the implementation of studies, technical assistance, meetings, training, and transfer of know-how.
- 3.5 Such objectives would allow to:
- (a) increase the coordination and compatibility of IST's, External Relations' and EuropeAid's international activities in the area of information technology and telecommunications;
  - (b) foster an effective impact of ICT in the private sector and government policies in the Region;
  - (c) ensure that governments and countries of the Region actively participate in the new global economy; and
  - (d) integrate existing development activities in the area of ICT.
- 3.6 In particular and with respect to ICT, the Program seeks to: (i) promote dialogue; (ii) support interchanges; (iii) increase the connectivity capacity; (iv) improve human resources training; and (v) implement pilot projects based on best practices.
- 3.7 The Program is under evaluation and expected to initiate the calls for proposals early in 2002. Evaluation and selection would take place during the second half of that year. Project funding should start during the first quarter of 2003.
- 3.8 Based on early indications by authorities of DG-IST, the Program would precisely fill the gap and weaknesses of the current IST Program with respect to international activities in ICT for development, namely, the provision of funding to beneficiary and participating

institutions from LAC and other non-European regions. Without a doubt, such Program would more effectively leverage the efforts of the Bank in the area of ICT for development, providing and transferring technical and financial resources to LAC organizations with the main objective of undertaking research and take up activities in ICT for social development, poverty reduction and knowledge/information society in general.

- 3.9 For this purpose, the Bank will put the efforts necessary to reinforce the existing agreements with European Commission in the area of ICT for development, and strengthen them through a collaboration strategy within the framework of the @lis Program. This will undoubtedly open the opportunities for further inter-institutional collaboration between the two organizations towards the socioeconomic development of the Latin American and Caribbean Region through information society technologies.

#### **IV. THE INTER-AMERICAN DEVELOPMENT BANK'S "NATIONAL STRATEGIES FOR THE INFORMATION SOCIETY" PROGRAM**

##### **A. Objectives**

- 4.1 The objective of the "National Strategies for the Information Society" (ENSI) Program is to support the Bank's borrowing member countries of Latin America and the Caribbean, in the definition of a model and methodology towards the development of the Information Society, seeking to improve the existing national capacities and the exploration of new development areas.
- 4.2 For this purpose and, as social engineering solutions at a national level, the objective of ENSI is to stimulate and seek cooperation actions among the various agents and stakeholders responsible for the development of the Information Society. Thereby, ENSI constitutes an instrument which generates an adequate institutional framework to improve the conditions for the development of the information society in the economies of the Region.
- 4.3 The specific objectives of the Program include: (a) situating the promotion of the Information Society as a key priority within the political agenda of the governments of Latin America and the Caribbean; (b) creating/strengthening the existing institutional capacity for the definition of participative Information Society development policies; (c) increasing the number and quality of ICT projects and programs in the Region (e.g. access to ICT, ICT in the education system, electronic government and ICT for business competitiveness); (d) encouraging the cooperation and establishment of public, private and civil society networks related to the development of the Information Society; and (e) incrementing the amounts and quality of public expenditures assigned to the development of the Information Society as an instrument to facilitate governments' efforts towards an efficient, equitable and sustainable development and poverty reduction in the Region.

##### **B. Program Scope and Activities**

- 4.4 The ENSI Program currently under execution by the Information and Communication Technology for Development Division (SDS/ICT) with the Regional Operations Departments of the Bank concentrates in the following areas in each of the countries that request technical and financial support in this area:

- (a) internal promotion at a country and local level on the potential and benefits of the Information Society, and creation of the conditions necessary to facilitate inter-institutional cooperation among the various agents and stakeholders;
- (b) strengthening of the necessary institutional framework for the Information Society as an instrument for economic and social development;
- (c) strengthening and/or establishment of new basis for an effective technological development and according to the requirements and characteristics of each country;
- (d) identification and formulation of new projects aimed at the development of the Information Society;
- (e) identification of financing sources and instruments to undertake such initiatives;
- (f) structuring of regional cooperation mechanisms and establishment of the necessary institutional framework for the transfer of lessons learned, best practices and knowledge in the area of Information Society; and
- (g) training of human resources in management aspects of programs related to the promotion and development of the Information Society.

4.5 The Bank is aware that the development of the Information Society requires the active participation of the different agents of the economic and social sectors. The Bank has been promoting the conformation of independent and representative committees to provide strategic guidance and to coordinate such development process. For this purpose, the Bank contributes to the establishment of one ENSI Executive Committee in each country and conformed by: (a) the Executive Branch of Government through the Office of the President, and pertinent instances in science and technology; (b) the academic sector represented by universities; (c) the private sector through business associations related to the technology sectors; and (d) other institutions related to ICT such as telecommunications companies and regulating bodies.

4.6 The following activities are undertaken with the objective of undertaking a structured process for the design and implementation of ENSI in each member country of the Bank:

- (a) recollection, review and processing of background materials;
- (b) identification of public officials responsible for promoting the development of the Information Society;
- (c) identification of the agents in the business sector and the pertinent sectoral structure in each country;
- (d) identification of the technology supply situation and of innovation services;
- (e) implementation of workshops and diffusion activities;

- (f) definition of the national strategy for the Information Society, discussion and search for consensus; and
- (g) elaboration of a National Innovation Plan.

### **C. Methodology**

4.7 ENSI is based on a series of methodological principles which include:

- (a) these strategies do not necessarily represent replicable models in a strict sense, but endogenous models adapted to the conditions and realities of each country;
- (b) they respond to the demand of each country and they seek consensus among the public and private agents (enterprises, government, universities, technological centers, financial institutions, etc.);
- (c) they seek complementarity of functions and initially address institutional and organizational aspects;
- (d) they start from a local vision, although highly compromised with a global vision;
- (e) they give enormous importance to public policies and to the promotion of a culture consistent with the development objectives towards the Information Society in Latin America and the Caribbean;
- (f) they constitute a series of concrete objectives, actions and projects that can be executed through pertinent organizations and institutional networks;
- (g) they present regional characteristics and the potential for the interchange of policies, methods, experiences and lessons learned; and
- (h) they are aimed at the execution and launching of concrete projects and programs for the development of the Information Society.

### **D. Results**

4.8 As a result of the above-mentioned activities, an ENSI of each borrowing member country of the Bank consists of:

- (a) a diagnostic assessment on the general situation of the Information Society;
- (b) a diagnostic assessment of the critical factors for the development of the national strategy;
- (c) short, medium and long-term operations plans indicating the implementation priorities, expected results, institutional framework and organizational responsibilities, and implementation schedule for the activities;
- (d) recommendations on concrete investment plans aimed at the execution and implementation of the strategy;

- (e) description of other programs and activities to be implemented along with the management and monitoring systems and mechanisms; and
  - (f) financing plans identifying the sources and uses of funds.
- 4.9 These actions ultimately result in the design and implementation of pilot/demonstrative projects and other activities, and in the execution of investment programs of a wider magnitude in ICT for development.

#### **E. Financing**

- 4.10 The financing of the development of the ENSI Program at the individual country level requires a series of efforts of financial and technology transfer to each of the member countries of the Region. For this purpose, the Information Technology for Development Division promotes the conformation of institutional and strategic alliances which effectively allow to undertake such activities during both, the ENSI preparation stage, as well as the resulting investment stage.
- 4.11 **First**, the Division facilitates the access of the Bank's member countries to Technical Cooperation resources (TC-Funds) and Regional Technical Cooperation Resources (RTC) from the Fund for Special Operations (FSO), on a non-reimbursable basis. These allow for the implementation of ENSI preparatory and pre-investment activities and pilot projects. Concrete examples include Bolivia, Panama and Paraguay. **Second**, based on the dynamism in the growth of the information society, the Division, along with the Regional Operations Departments of the Bank, has been working in the preparation of Innovation Loans--characterized by expedited evaluation and disbursement process--, so as to effectively and efficiently initiate the ENSI development processes in different countries of the Region. This is the case of the Dominican Republic. **Third**, ENSI is triggering concrete FSO and Ordinary Capital Loans for the Information Society investment stages. **Fourth**, in the near future, the Division will begin working with the Regional Operations Departments of the Bank in the mobilization of financial resources via Flexible Lending Instruments such as sectoral facilities, project preparation and execution facilities and multiple-phase projects.
- 4.12 Nevertheless, the Inter-American Development Bank is aware that an adequate scope, reach and coverage in the implementation of the ENSI initiative along its borrowing member countries of the Latin American and Caribbean Region, requires effective inter-institutional cooperation efforts of other bilateral and multilateral donors, in terms of financial support as well as technology transfer. For this purpose, and based on its mandate and objectives, the Information Technology for Development Division will continue seeking and materializing strategic alliances and the support of organizations with proven and ample experience in Information Society and ICT for development. Undoubtedly this represents an important value added in favor of the social and economic development of the Region through information and communication technologies.

#### **V. INTER-INSTITUTIONAL COOPERATION WITH THE @LIS PROGRAM WITHIN THE ENSI FRAMEWORK**

- 5.1 As indicated above, the reach and scope of the ENSI Program along the Region is indeed ambitious and requires the effective support of the Bank's bilateral and multilateral

partners via concrete cooperation and cofinancing/parallel financing agreements. The Inter-American Development Bank invites the European Commission to join the ENSI initiative within the framework of the MOU and the new @lis Program whose objectives and action areas in ICT for development are consistent with the social and economic development objectives sought by the Bank through ENSI and the resulting ICT investments. Moreover, their objectives are widely consistent as they both seek for the active participation of the public, private and civil society sectors of the Region towards the development of ICT policies and the implementation of pilot and demonstrative projects aimed at the insertion of local communities to the information society within a local, national and global context.

- 5.2 The non-reimbursable technical and financial resources from the @lis Program would provide an important leverage to various possible activities including: (a) participation in the provision of technical support to the countries of the Region in the development of individual national strategies for the Information Society; (b) provision of financial resources for the joint implementation with the Bank of pre-investment activities, pilot projects and investment programs of a wider magnitude that result from such strategies and towards the social and economic development of the Region; and (c) evaluation of other investment opportunities in the Latin American and Caribbean Region in the Information Society Arena. The participation of the @lis Program in the promotion and execution of dialogues in Information Society with governments of the Region would add enormous value to the efforts of the Bank through the ENSI initiative.
- 5.3 Also a cooperation agreement with the European Commission within the framework of @lis, will allow both organizations to leverage and further the accomplishments and impact of the “Pilot Program for the Diffusion of Information Technologies in Social Programs” (paragraph 2.1). Moreover, it would allow to overcome some of the impediments of the IST Program regarding the transfer of resources to beneficiaries of the Region. Finally, such cooperation could serve as an instrument for the implementation of the activities and accomplishment of social and economic development objectives in the Region as established in the MOU.
- 5.4 To conclude, these and other activities, while effectively contributing to the socioeconomic development process of the Region, open new and important investment, financing and loan operation opportunities for the Bank and its strategic partners. The Bank and its member governments will continue assigning the resources necessary to promote the development of the Information Society in an organized and systematic manner via ENSI, and in the implementation of the necessary activities and resulting investments. The European Commission can indeed add enormous value to such efforts by capitalizing its extensive experience and reputation in the development of the Information Society, while at the same time attaining its international development objectives.