

TC ABSTRACT

I. Basic project data

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|---|---|
| ▪ Country/Region: | Regional |
| ▪ TC Name: | Strengthening Public-Private Partnerships for Economic and Business Integration in the Americas |
| ▪ TC Number: | RG-T2554 |
| ▪ Team Leader/Members: | Fabrizio Opertti (Team Leader, INT/TIU), Tomas Serebrisky (INE/INE), Ady Beitler (INT/TIU), Shunko Rojas (INT/TIU), Matias Bendersky (ORP/ORP), Francisco Estrazulas (INT/TIU), Lucas E. Barreiros (INT/TIU) and Oscar Vasco Henao (INT/TIU). |
| ▪ Indicate if: Research & Dissemination. | Research & Dissemination |
| ▪ If Operational Support TC: | N/A |
| ▪ Reference to Request: (IDB docs #) | |
| ▪ Date of TC Abstract: | October 31, 2014 |
| ▪ Beneficiary: | Regional |
| ▪ Executing Agency and contact name (Organization or entity responsible for executing the TC Program) | The Inter-American Development Bank (IDB), through the Trade and Investment Unit (INT/TIU). |
| ▪ IDB Funding Requested: | US\$ 2,250,000 |
| ▪ Local counterpart funding, if any: | N/A |
| ▪ Disbursement period (which includes execution period): | November 30, 2014 – May 15, 2016 |
| ▪ Required start date: | November 30, 2014 |
| ▪ Types of consultants (firm or individual consultants): | Firms and individuals |
| ▪ Prepared by Unit: | Trade and Investment Unit (INT/TIU) |
| ▪ Unit of Disbursement Responsibility: | Integration and Trade Sector (INT/INT) |
| ▪ Included in Country Strategy (y/n); | N/A |
| ▪ TC included in CPD (y/n): | N/A |
| ▪ GCI-9 Sector Priority: | Competitive Regional and Global Integration |

II. Objectives and Justification

- 2.1. Latin American and the Caribbean showcase very limited infrastructure integration and very low levels of intra-regional trade and investment when compared to other regions of the world, despite a sustained growth during the last quarter century and a substantial increase in both the number of free trade agreements in the region and in the trade volume covered by them. Whereas these trade agreements represent a significant step forward and provide the initial institutional framework for integration, they are unable by themselves to result in changes to a poorly integrated regional infrastructure. Therefore, while formally able to trade, private sector companies, that should take advantage of that institutional setting and

promote regional integration, find themselves unable to overcome the obstacles that the lack of infrastructure integration in the region represents for their businesses.

- 2.2. Acting upon opportunities that are available to strengthen and improve infrastructure integration among LAC countries requires a sustained engagement between governments and business as well as substantial financial commitments. Such an engagement is mutually beneficial as the sophistication and depth of infrastructure integration constitutes a driver of economic growth (acting through both supply and demand) and public investment in infrastructure integration improves the output of private capital. Further, private sector firms, particularly SMEs, require tools to help them overcome these deficiencies in regional infrastructure integration in the short term. These tools include electronic means of communication and information exchange that lower the incidence of physical transportation as well as the information costs of integration.
- 2.3. The project has two objectives. The first is to develop a public-private joint strategy to detect opportunities to improve and strengthen the region's infrastructure integration – and to seize them through collaborative action. This would open up new trade and investment projects for private firms that have so far been unavailable due to inadequate and inefficient infrastructure and hurdles to integration. The second is to support this strategy by helping private sector firms overcome deficiencies in regional infrastructure integration and create new trade and investment opportunities by using information technology to develop connections among companies, and access to learning materials about logistics, trade financing and other aspects of international trade.
- 2.4. In particular, the project's first goal is to identify and foster opportunities for strengthening regional infrastructure integration in specific sectors, segments and sub-regions, particularly through public-private partnerships. Additionally, the project will analyze issues that are deemed critical to accelerating and sustaining regional integration, including the improvement of information and communication technologies, as well as increasing efficiencies in trade facilitation and infrastructure platforms, and will seek to address them through public-private partnership proposals. The project's second goal is to develop an infrastructure integration application (app) within the ConnectAmericas platform. This app will contain information on tender processes, lists of local firms for each service in the value chain, and an online community to facilitate interaction between the members
- 2.5. The objectives and activities of the project correspond to the Bank's Strategy for Regional Integration (GN2565-4) in that they seek to further trade, investment and regional integration. Furthermore, the project is consistent with the objectives set out for the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) (GN2344-4 and GN2344-8), specifically that of preparing "integration infrastructure projects" and facilitating "their financing" and its 2014 budget allocation¹. The project builds upon FIRII's previous financing of trade facilitation projects and the

¹ According to Footnote 4 of Table 6.1 "2014 Approved Special Programs/Grants Financed by Ordinary Capital" of the 2014 Approved Program and Budget Book. Final version (GA-257-11), "At least \$3 m of the 2014 allocation to the updated FIRII will support trade internationalization efforts and initiatives such as ConnectAmericas (SMEs), as well as private sector integration and dissemination activities".

software of infrastructure interventions, like the financing granted to solve legal, regulatory and tariff issues for the integrated electricity market in Central America (SIEPAC). According to GN-2565-4 integration is not an end in itself, but a strategic platform to maximize the benefits of globalization and harness functional cooperation for growth and development.

III. Description of activities and outputs

- 3.1. The project is organized around two distinct components that will address different challenges that are necessary to develop an ongoing and sustainable dialogue between public and private sector leaders than can contribute to jointly act upon opportunities for further regional infrastructure integration; and, on the other, contribute to sustaining private sector dialogue by further developing the ConnectAmericas infrastructure integration app.
- 3.2. **Component I. Economic and Business Integration Dialogue.** The first component of the project has the objective of providing the institutional setting for an ongoing, constructive and effective dialogue between high level government officials and business leaders that can translate into public-private partnerships to act upon opportunities to improve and strengthen the region's infrastructure integration.
- 3.3. To that end, the first stage of the component will seek to develop a consultation facility for the private sector for the purposes of developing a knowledge-based technical agenda and identifying the opportunities for strengthening infrastructure integration in the region and producing policy recommendations and public-private partnerships to address them. This interaction will take place in the framework of the Americas Business Dialogue, a private-sector driven initiative facilitated by the IDB to foster a high-level policy dialogue between the business and political leaders of the Americas. It will be organized in working groups that will target infrastructure integration and attempt at generating a consensus about the strategic priorities to increase trade and investment opportunities in the region and the specific policies that are required to that end. The Bank will provide technical, operational and substantive support to allow participants to engage in a concrete and technically substantiated exchange of ideas and the component will include knowledge production and dissemination activities.
- 3.4. The second stage of this component focuses on the dissemination of the technical contents produced in the framework of the public-private joint strategy developed in phase one, and shall be the first step in translating knowledge into policy advocacy and public-private partnerships. It involves the organization and hosting of a summit of high-level business leaders to be held in parallel to the Seventh Summit of the Americas that will take place in Panama in 2015. This forum will be attended by CEOs of leading companies from the LAC region as well as by heads of state and other high-level government officials and policy makers. It will constitute an ideal setting in which the private sector may present the policy recommendations and public-private partnership proposals developed in the framework of the Americas Business Dialogue that can strengthen and deepen regional infrastructure integration and promote intraregional trade and investment opportunities. The event will involve a series of panels and discussions involving heads of state and the high-level executives of leading private companies in the region, covering energy integration and

cross-border infrastructure, logistics and connectivity, trade facilitation and efficient border management, information technology for efficient and smart infrastructure, development of advanced capital markets and specific instruments for infrastructure financing, and the impact of infrastructure integration on social development.

- 3.5. Activities to be financed under this component include: (a) organization of cross regional sector-specific working groups; (b) elaboration of policy recommendations and public-private partnership proposals; (d) drafting of technical reports and white papers; (e) dissemination; (f) technical, logistical and substantive organizational support to the CEO Summit of the Americas.
- 3.6. **Component II. Information Technology for Infrastructure Integration.** The second component of the program will build on the lessons, technical knowledge, best practices, and proposals emerging from the joint strategy developed under Component I in order to develop an infrastructure integration app within the ConnectAmericas platform, in the form of online courses, articles and data simulators, aimed at facilitating contacts between large infrastructure companies and local companies in the respective value chains, in the context of tender projects in each of the 26 countries in LAC. This app would provide compatibility scores to companies to select the most suitable vendor for each project, based on the information provided by the company in its profile and the references left by prior clients. In addition, this component will support additional content-production and dissemination efforts for the ConnectAmericas platform in general, including production of online courses and marketing campaigns to produce user-generated content.
- 3.7. Activities to be financed under this component include the design of the app’s architecture, its development, testing and implementation; design and production of at least three online courses on topics related to international trade, including access to finance and logistics; and design and implementation of a dissemination campaign aimed at producing user-generated content (testimonials, short videos, etc.).
- 3.8. **Monitoring and Evaluation.** This TC will be supervised by INT/TIU.

IV. Budget

| Activity | IDB Funding |
|--|--------------------|
| Component I. Economic and Business Integration Dialogue | |
| Organization of sector-specific working groups | \$200,000 |
| Elaboration of policy recommendations and public-private partnership proposals | \$150,000 |
| Dissemination | \$150,000 |
| Organizational and technical support to CEO Summit of the Americas | \$650,000 |
| Total | \$1,150,000 |
| Component II. Information Technology for Infrastructure Integration | |
| Infrastructure App development | \$300,000 |
| Technological development | \$200,000 |
| Content production | \$250,000 |
| Dissemination | \$250,000 |
| Total | \$1,000,000 |
| Monitoring & Evaluation | \$100,000 |
| TOTAL | \$2,250,000 |

V. Executing agency and execution structure

5.1. This operation will be executed by the Trade and Investment Unit of the Integration and Trade Sector (INT-TIU), in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2). Two major reasons justify the project execution by the Bank: (i) as a regional project that involves coordination with several public and private sector stakeholders in LAC, the Bank is in a unique position to manage and coordinate the activities given its presence in all of the member countries; (ii) the Bank, through INT-TIU in particular, has gained invaluable know-how in the execution of international initiatives in partnership with the private sector in order to implement public-private dialogue forums and knowledge development projects, including 2007 and 2011 Korea-LAC, 2008 Asia-LAC, 2010 and 2013 China-LAC, 2013 JAPAN-LAC, Outsource2LAC 2011-2013, the 2012 CEO Summit of the Americas; and the 2014 LAC Global Summit. In addition, INT/TIU has been leading the execution of ConnectAmericas since its inception in 2012 with success. As of today, since the platform was launched on March 28, 2014, it has passed the 100,000 unique visitors and 15,000 registered members. This platform also requires a significant level of coordination with the private sector, as we have world-class companies such as Google, Visa, DHL and Alibaba as anchor partners, and we coordinate the offering of support services to SMEs with trade promotion organizations and business chambers from our member countries. It is this particular record of successful results that qualifies INT to undertake the activities exposed in this TC.

VI. Project Risks and Issues

6.1. The success of the project will depend on a significant level of engagement and participation of the private sector officials and executives of the region. To mitigate the risk, the Bank will engage relevant stakeholders and private sector representatives from the start of the TC and through an intensive promotion strategy with technical coordination and support to disseminate and promote the program and to increase participation during the preparation of the Components.

VII. Exceptions to Bank policy

7.1. This TC does not involve or require any exception to the Bank's policies

VIII. Environmental and Social Strategy

8.1. This operation does not present environmental and social risks as it is an international trade infrastructure that is based on the Internet. It was classified as Category C in the Environmental and Screening Classification. [IDBDOCS-#39195561- Safeguard Screening](#).