

TC Document

I. Basic Information for TC

▪ Country/Region:	Regional
▪ TC Name:	Japan-LAC Business Forum, Tokyo, Japan, 2016
▪ TC Number:	RG-T2756
▪ Team Leader/Members:	Operti, Fabrizio (INT/TIN), Barreiros, Lucas Emiliano (INT/TIN), Bendersky, Matias (ORP/PTR), McTigue, Kevin (LEG/SGO), Sforzini, Nicolas Victor Norberto (INT/TIN), Cabrera-Macchi, José (INT/TIN), Vasco Henao, Oscar Dario (INT/TIN).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination	Research & Dissemination
▪ Date of TC Abstract authorization:	05/19/2016
▪ Beneficiary	AR; BH; BA; BE; BO; BR; CH; CO; CR; DR; EC; ES; SA; GU; GY; HA; HO; JA; ME; NI; PA; PY; PE; SU; UR; VE
▪ Executing Agency and contact	The Inter-American Development Bank (IDB), through the Trade and Investment Division (INT/TIN).
▪ Donors providing funding:	Japan Special Fund
▪ IDB Funding Requested:	US\$500,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	07/01/2016
▪ Types of consultants	Individuals Firms
▪ Prepared by Unit:	Trade and Investment Division (INT/TIN)
▪ Unit of Disbursement Responsibility:	Integration and Trade Sector (INT/INT)
▪ TC Included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ GCI-9 Sector Priority:	Promoting regional integration and cooperation

II. Objectives and Justification of the TC

- 2.1 The specific objectives of this project are: (i) promoting the intensification of Japan-LAC bilateral trade and investment and the diversification of trading partners and traded products through the generation of business contacts and the identification of concrete commercial opportunities; and (ii) develop institutional and technical capacity in trade promotion organizations (TPOs) and small and medium enterprises (SMEs) from LAC countries to assist them in (a) promoting the inflow of Japanese FDI, and (b) identifying opportunities to diversify LAC exports to Japan, with a particular emphasis on new trends and sectors that do not hold a significant participation in the region's exports to Japan.
- 2.2 The commodities-for-manufacturing exchange between Japan and LAC has translated into steep bilateral trade deficits for most LAC countries. Despite the fast recent growth of LAC exports to Japan, nearly every country in the region has accumulated a trade deficit with Japan since 2000, in several cases reaching over 80 percent of total trade. Only Chile and Peru have run surpluses in this period. However, Japanese firms, also play an important role in moving goods between LAC and third countries, an activity that is not captured in the

bilateral trade data. Moreover, Japanese manufacturing in sectors such as automobiles and electronics also serves as a source of exports to third countries, boosting LAC's trade balance and foreign exchange earnings through a channel that does not figure in Japan-LAC bilateral trade numbers.

- 2.3 The past decade has also witnessed a number of formal integration agreements, bilateral and regional, aimed at lowering trade costs between Japan and LAC. On the bilateral side, Japan currently has free trade agreements with Mexico (2005), Chile (2007), and Peru (2012). Looking beyond bilateral agreements, the Pacific Alliance and the Trans-Pacific Partnership hold great potential for deepening formal integration between Japan and LAC.
- 2.4 In this context, while commercial ties between Japan and LAC are strong and getting stronger, there certainly exist opportunities for improvement – promoting diversification in trading partners and traded products, increasing the export of high value added goods from Japan to LAC and high value added Japanese FDI in LAC, particularly in areas like infrastructure. The main goal of this project is to foster Japan-LAC economic relations in a way that strengthens trade and investment ties between the two. In particular, the activities to be undertaken by the project aim at helping Trade Promotion Organizations and companies from Latin America and the Caribbean and Japan overcome information constraints that affect trade, including uncertainty surrounding market demand, consumer preferences, and regulations that can prevent firms from entering foreign markets or exporting new products, even when doing so would be profitable.
- 2.5 The Bank has successfully organized numerous similar activities focused on promoting bilateral trade and investment between Asia and LAC, including training seminars, site visits, dissemination events and business matchmaking. These activities have proven to be a successful strategy in strengthening trade and investment flows between Asia and LAC. For example, these activities have resulted in:
 - (a) Over 150 trade and government officials from 26 LAC countries trained on doing business in/with the Japan, Korea, and China
 - (b) Several thousand business meetings between LAC and Asia entrepreneurs, which materialized in business opportunities for LAC SMEs.
 - (c) Training for LAC SMEs on exporting to Japan and creating stronger ties with Japanese companies.
 - (d) Several studies on LAC-Japan, LAC-Korea and LAC-China trade and investment were produced and disseminated.

These previous fora have also allowed the Bank to accumulate experience and lessons learned that will be deployed in organizing the activities foreseen under this project including, for example: a) diversification of participants and strong representation of government officials and private sector leaders, which contributes to enrich the dynamic of the event and the quality of the discussions; b) targeted selection of private sector participants, adjusted to themes, to better foster business opportunities; c) follow-up activities linked to ConnectAmericas and other trade and investment fora.

- 2.6 The objectives and activities of the project correspond to the Bank's Strategy for Regional Integration (GN-2565-4), as it will promote trade, investment and regional integration through the exchange of experiences and best practices in trade promotion and through the creation of trade-capacity. In addition, the project's objectives are aligned with the sector priorities identified in the GCI-9, in particular numeral (d) *Competitive regional and global international integration*, as many of the activities will focus on upgrading trade-related

institutions and expanding the traditional trade agenda by including topics associated, for example, trade facilitation. The TC addresses two of the three major development challenges identified in the Bank's "Update to the Institutional Strategy 2016-2019": a) limited trade and economic integration, both intra-regional and international; b) low productivity and innovation. More generally, the series of Asia-LAC fora that have been executed by the Bank all pursue a coordinated strategy that is aligned with the goals of promoting international economic integration, the creation of trade capacity and the improvement of productivity and innovation, by promoting the exchange of best practices and transfer of knowledge with the Bank's member countries in Asia, all of which are significant export markets for LAC firms. On this occasion in particular, the fora also affords an opportunity to mark the 40th anniversary of Japan's membership in the Inter-American Development Bank. Furthermore, the objectives and activities of the project are aligned with the objectives of the Japanese Special Fund, in particular as they seek to utilize or transfer Japanese knowledge, best practices, or expertise to the beneficiaries, and enhance the economic relationship between Japan and LAC countries.

III. Description of activities/components and budget

3.1 **Component I: Promoting more robust trade and investment relations between Japan and LAC:** This component aims to promote Japanese-LAC bilateral trade and investment through the generation of business contacts and the identification of concrete commercial opportunities. To achieve this objective, this component includes the following activities: (i) a one-day business forum for 300 people or more, in Tokyo, Japan, in November 2016; (ii) an exhibition of LAC's export and TPOs to showcase key investment opportunities and export products; and (iii) coordination of business generation processes – before, during and after the business-forum – through: identification of potential business partners, assistance in the preparation of business proposals, follow-up on contacts and strengthening of relationships through the active involvement of participants from Japan and LAC in other initiatives facilitated by IDB, such as ConnectAmericas, LAC Flavors, Outsource2LAC and other related events.¹ The IDB will make available its technical expertise on trade and integration issues for both Japanese and LAC participants during the entire event. The business forum will bring together policy makers and top-level executives of the regions to discuss economic opportunities in LAC and Japan on issues infrastructure, finance and innovation.

3.2 **Component II: Development of Institutional and Technical Capacity in Trade and Investment:** This component has the objective of developing institutional and technical capacity in TPOs and SMEs from LAC countries to better prepare them for business development with Japanese counterparts. The component includes the following activities: (i) a workshop to exchange best practices between the Japan External Trade Organization (JETRO) and LAC's TPOs, where JETRO will present specific innovative aspects of its business model and its successful export promotion and investment attraction programs;

¹ ConnectAmericas is the first social network for businesses in the Americas, dedicated to promoting foreign trade and international investment. It seeks to help SMEs strengthen their businesses, by providing them access to communities of clients, suppliers and investors in the region and all over the world, segmented by industry. It also provides useful and simple information about procedures and regulations for international commerce, and about the financing opportunities available in IDB member countries. LAC Flavors is a premier annual business matchmaking event of the agribusiness sector in the Western Hemisphere, bringing together food exporters from countries in Latin America and the Caribbean, as well as international buyers from other regions of the world to explore business opportunities in one-on-one matchmaking meetings. Over the last six years, LAC Flavors has generated more than 8 thousand business meetings and \$200 million dollars in business deals. Outsource2LAC is the most prominent Outsourcing and Offshoring forum in Latin America and the Caribbean (LAC), offering participants the opportunity to learn about current trends in the global outsourcing industry and to expand their businesses worldwide - in the previous Outsource2LAC events, nearly \$50 million worth of transactions were generated by more than 3,500 business meetings held during the forums.

(ii) a business site visit with TPOs and selected SMEs to learn about Japan's most prominent companies with presence in LAC; (iii) the development of a MOOC based on the workshop and to be made available through the ConnectAmericas platform in order to maximize the beneficiaries; and (iv) involvement of JETRO and Japanese firms in LAC Flavors and Outsource2Lac and other related events to further contribute to the development of institutional and technical capacities in the specific sectors covered by both forums. This component is designed to foster the exchange of knowledge and best practices. In particular, the site visits will be designed to ensure that LAC SMEs are able to learn about innovative business practices, processes and strategies from leading Japanese firms in their respective sectors, helping them improve their own business performance and overcome information constraints for accessing the Japanese market. Participating SMEs will be selected in each country through a competitive process in coordination with the TPOs.

Indicative Results Matrix

Expected Outcomes				
Outcome	Indicator	Base Line	Target (2018)	Means of verification
Promotion and diversification of Japanese-LAC bilateral trade and investment through the development trade capacity, provision of information about the Japanese and LAC markets, generation of business contacts and the identification of concrete commercial opportunities	% of the participants in the one-day business forum who gained a better understanding of business conditions and opportunities for LAC	0%	50%	Periodic surveys.
	% of participants from LAC in the Trade and Investment Exhibition who gained a better understanding of the market condition in Japan to sell their products and services	0%	50%	Periodic surveys.
Development of institutional and technical capacity in TPOs and SMEs from LAC countries to better prepare them for business development with Japanese counterparts.	% of Government officials from LAC who gained knowledge about Japan's regulation and procedures in areas of trade and investment	0%	50%	Periodic surveys
	% of Government officials from LAC who improved their skills to provide services to exporter companies that want to enter the Japanese market	0%	50%	Periodic surveys
	Total # and % of SMEs that benefited from the site visits and gained better understanding about innovative business practices and processes and on entering the Japanese market.	0 / 0 %	40 / 50%	Survey at the end of the program
Expected Outputs				
Component I: Promoting more robust trade and investment relations between Japan and LAC				
Output	Unit of measurement	Base Line	Target (2018)	Means of verification
Organization of Japan-LAC Business Forum	Number	0	1	Forum Report
# of participants in the one-day business forum	Number	0	300	Forum Report
# of Government officials from LAC who participated in the discussion sessions of the one-day business forum	Number	0	26	Forum Report
# of LAC countries represented by local companies in the one-day business forum.	Number	0	20	Forum Report
# of government officials from investment promotion agencies who participated in the Trade and Investment Exhibition	Number	0	20	Forum Report
# of direct contacts established for business opportunities	Number of Contacts between Japanese and LAC firms.	0	50	Forum Report & Execution Annual Report

Component II: Development of institutional and technical capacity in TPOs and SMEs from LAC countries to better prepare them for business development with Japanese counterparts				
Organization of Training Workshop	Number	0	1	Forum Report
# of Government officials from LAC participated in the workshop and exchange event	Number	0	20	Forum Report
Organization of Site Visits	Number	0	1	Forum Report
# of SMEs that participate in site visits	Number	0	40	Forum Report
Preparation and delivery of MOOC	Number	0	1	Execution Annual Report
# of participants in the MOOC offered through ConnectAmericas	Number	0	250	Execution Annual Report
# of participants from Japan in other IDB initiatives	Number	0	15	Execution Annual Report

- 3.3 To evaluate the progress on the expected outcomes, the project team will periodically conduct surveys to participants in each of the activities planned to measure and evaluate the impact achieved. By bringing together a network of “local partners” involving trade promotion agencies and representatives of LAC Embassies/Consulates in Japan, the team aims to incubate a more sustainable eco-system of committed public and private sector players who are critical to sustaining commercial activities and establishing better accountability and tracking mechanism post-forum.
- 3.4 In addition, a strong communication strategy will be implemented to disseminate the results Japan-LAC Business Forum. The ConnectAmericas platform will also be used to create and disseminate the knowledge products and the successful stories of business partnerships between LAC and Japanese companies – in forms of articles, services, videos, webinars-that come about as a result of this project in order to promote that a massive audience from LAC has a better understanding on how to strengthen the economic relationship with Japan. Furthermore, the report will be distributed to all registered participants and made available to all Bank staff.
- 3.5 **Component I: Promoting more robust trade and investment relations between Japan and LAC. (US\$440,000).** Technical assistance and logistics support for the design, preparation, organization and hosting of the one day business forum, the trade and investment exhibition, support of business development before, during and after the forum and the dissemination of the results achieved with all the activities and subsequent follow-up:
- a. Design and preparation: tasks supported will include technical support to design the agenda, identify key speakers, promote the event, extend the invitations to relevant stakeholders, prepare conference materials, support participants in the business development process and make the necessary logistics arrangements;
 - b. Organization and hosting: tasks supported will include technical assistance as well as logistics and administrative support, including participation of panelists and entrepreneurs, venue, printed promotional materials and display, simultaneous interpretation services, OA equipment and local transportation;
 - c. Business Development Support: tasks support will include technical assistance to participants before, during and after the event to promote business development,

including the strengthening of relationships through follow up involvement in several IDB facilitated venues; and

- d. Results dissemination and monitoring: tasks supported will include technical assistance to prepare a “Results Report” that will gather all the materials presented in the Forum as well as the results and deliverables of the panels and discussions groups and an e-survey of participants to measure and monitor business leads and overall satisfaction.

3.6 Component II: Development of Institutional and Technical Capacity in Trade and Investment (US\$60,000). Technical assistance and logistics support for the design, preparation, organization and hosting of the capacity building workshop and business site visits:

- a. Design and organization: the component will finance the design and organization of the workshop, which will be tailored made to the needs of Government officials in charge of trade and investment activities from LAC to enhance the commercial relationship between Japan and LAC;
- b. Participation of Government officials in the workshop and in the information visit: tasks supported will include technical assistance as well as logistics and administrative support, including venue, travel arrangements for Government officials, printed promotional materials, local transportation, panelists outreach and participation;
- c. Development of MOOC and training sessions in LAC business forums: tasks will include technical assistance and material support to the development and implementation of a MOOC course based on the workshop and training sessions in LAC business forums.
- d. Results dissemination and monitoring: tasks supported will include technical assistance to prepare a Report that will gather the learning outputs and conclusions reached during the workshop and visit to Japan and a survey to measure the overall satisfaction of the participants and monitor the effectiveness of the activities.

Component	Output	IDB/Fund Funding	Counterpart Funding	Total Funding
1. Component I: Promoting more robust trade and investment relations between Japan and LAC	One day business forum, trade and investment exhibition	\$ 440,000.00	\$ 0.00	\$ 440,000.00
2. Component II: Development of institutional and Technical Capacity in Trade and Investment	Training Workshop	\$ 12,000.-	\$ 0.00	\$ 12,000.-
	Site Visits	\$ 12,000.-	\$ 0.00	\$ 12,000.-
	MOOC	\$ 18,000.-	\$ 0.00	\$ 18,000.-
	Japanese participants in IDB for a	\$ 18,000.-	\$ 0.00	\$ 18,000.-

3.7 This TC will be supervised by INT/TIN. The program monitoring will be performed through surveys and reports conducted at the end of the execution of the activities under each component. The project also includes a final evaluation that will measure its development impact and outcomes, based on the results matrix indicators above. This program specifically includes activities to monitor the evolution of the goals achieved, through post-forum surveys and the dissemination of the results among LAC TPOs, which will allow to follow-up on the effectiveness of the project.

- 3.8 Since INT/TIN personnel holds a high level of experience and technical ability on the issues that will be disseminated during the workshop (Component II), and for the purposes of transferring such knowledge and experience to the beneficiaries of this TC, ensuring high quality technical products of the project, it is proposed that some resources be used to cover staff travel costs² to participate in the event. The financing of these costs is consistent with the Technical Cooperation Policy of the Bank and is not intended to supplement the administrative budget of INT.

IV. Executing agency and execution structure

- 4.1 This operation will be executed by Trade and Investment Division (TIN) of the Integration and Trade Sector (INT) at Inter-American Development Bank (IADB), in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2). The main reasons that justify the execution of the project by the Bank are as follows:
- a. This is a regional project that involves coordination with several public and private sector stakeholders from all over the region, and the Bank is positioned as an ideal actor to execute it given its presence in every country of the region.
 - b. INT/TIN has gained invaluable know-how for the bank in the execution of these types of initiatives, including the 2007 Korea-LAC Trade and Investment Forum, the Asia-LAC Trade and Investment Forum, Tokyo, Japan (2008), the China-LAC Business Summit in Chengdu, China (2010), the second edition of the Korea-LAC Business Summit in Seoul, Korea (2011), and the 2013 Japan-LAC Business Forum, as well as other events organized in LAC countries. All these events were focused on promoting bilateral trade and investment between Asia and LAC regions.
 - c. The 26 TPOs of the Bank's member countries will participate in the business forum and workshop. As a consequence, the executing agency will need to have close contacts with each one of them. The Bank's INT/TIN maintains a close and functional and working relationship with each TPO of the region. This will ensure that their participation will be beneficial from a technical and institutional point of view.
- 4.2 The selection and contracting of consultants and procurement of services will follow guidelines and corporate procurement policies (GN-2303-20)

V. Major issues

- 5.1 **Risk Mitigation.** The success of the project will depend on an adequate level of participation of LAC's officials and private sectors representatives in the activities of the project. The cost and logistical arrangements involved in traveling to Tokyo pose the risk of reducing attendance from government officials and private sector leaders. The operation will mitigate this risk by (i) engaging LAC government officials and private sector associations such as TPOs, Chambers of Commerce, Ministers of Trade, among others, to maximize the number of invited guests; (ii) extensive dissemination and promotion during all stages of project implementation through traditional communicational channels as well as innovative strategies of communication, and; (iii) early engagement with attendees to provide additional time for travel arrangements and resolving scheduling conflicts.

2 Limited to 5 (five) staff employees of the IADB.

VI. Exceptions to Bank policy

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

VII. Environmental and Social Strategy

- 7.1 According to the ESG classification, this operation entails no environmental and social risks whatsoever. Based on the [Safeguard Policy Filter Report](#) and [Safeguard Screening Form](#) the TC was classified as category C.

Annexes:

1. [Terms of Reference](#)
2. [Procurement Plan.](#)

JAPAN-LAC BUSINESS FORUM, TOKYO, JAPAN, 2016

RG-T2756

CERTIFICATION

I hereby certify that this operation was approved for financing under the Japan Special Fund (JSF) through a communication dated **May 19, 2016** and signed by Masaru Abe. Also, I certify that resources from said fund are available for up to **US\$500,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of **four (4) calendar months** counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, i.e. represent a risk that will not be absorbed by the Fund.

ORIGINAL SIGNED

Sonia M. Rivera
Chief

Grants and Co-Financing Management Unit
ORP/GCM

07/14/2016

Date

Approved:

ORIGINAL SIGNED

Antoni Estevadeordal
Manager
Integration and Trade Sector
INT/INT

07/15/2016

Date