

Draft TC ABSTRACT

I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Public-Private Dialogue Framework for Infrastructure Integration
▪ TC Number:	RG-T2457
▪ Team Leader/Members:	Guilherme Piereck (Team Leader, INT/TIU), Shunko Rojas (alternate Team Leader, INT/TIU), Matías Bendersky (ORP/ORP), Heleno Gouvea (ORP/ORP) Yasmin Esteves (INT/TIU), Oscar Vasco Dario Henao (INT/TIU), Jose Cabrera (INT/TIU) Laura Correal (INT/TIU), Nicolas Sforzini (INT/TIU).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Research & Dissemination
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Reference to Request: (IDB docs #)	
▪ Date of TC Abstract:	April 15, 2014
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Regional
▪ Executing Agency and contact name	Trade and Investment Unit (INT/TIU)
▪ IDB Funding Requested:	US\$ 500,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period (which includes execution period):	May 1, 2014 – December 1, 2014
▪ Required start date:	May 1, 2014
▪ Types of consultants (firm or individual consultants):	Firms and individuals
▪ Prepared by Unit:	Trade and Investment Unit (INT/TIU)
▪ Unit of Disbursement Responsibility:	Trade and Investment Unit (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. Objective and Justification

Intra-regional trade among Latin American and Caribbean (LAC) countries has grown tenfold, approximately from USD 18 billion to USD 180 billion since 1990. By 2011, there were 42 free trade agreements registered which covered 237 bilateral relationships and approximately 89% of the region's trade volume. However, the region is still poorly integrated and the levels of intra-regional trade and investment are very low when compared to other regions of the world such as Asia or Europe. In 2013, exports from Latin America were practically stagnant. Estimates

indicate that sales abroad amounted to approximately US\$ 1.068 trillion, barely an increase compared to 2012. Regional exports thus concluded two years of weak performance, as growth in the previous year only reached 1%.¹

One of the key reasons behind this low level of integration is that despite the presence of an extended web of trade agreements providing an effective institutional framework for integration, private sector firms, underlying drivers of regional integration, still face important barriers in infrastructure integration which are less transparent and harder to quantify.

The development of a modern and efficient infrastructure enabling greater and better integration among LAC countries demands heavy investments and successful partnerships between the public and private sectors. Therefore, the objective of this project is to develop an effective Public-Private Framework for Infrastructure Integration intended to identify major obstacles and bottlenecks preventing private sector firms from taking advantage of the region's many trade and investment opportunities, and to develop sector-specific policy proposals resulting from a high-level a public-private dialogue.

In particular, the project seeks to identify and address institutional, operational and regulatory bottlenecks in strategic areas such as (i) air, maritime and multimode transportation and logistics, (ii) information communications technology for infrastructure integration, and (iii) customs and trade facilitation. In addition, the project will prioritize obstacles and develop specific solutions for improving the integration of logistic platforms, enhancement of information systems and border regulation, development of information and communication technology, promotion of multimode transportation, improvement and harmonization of regulations, among others.

The objectives and activities of the project correspond to the Bank's Strategy for Regional Integration (GN-2469-2, GN2470-2), as it will promote trade, investment, and regional integration. In addition, the project is fully aligned with the objectives of the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) (GN-2344-8), particularly to "prepare integration infrastructure projects and facilitate their financing". The project builds upon FIRII's previous financing of trade facilitation projects (e.g. in the area of customs) and the software of infrastructure interventions, like the financing granted to solve legal, regulatory and tariff issues for the integrated electricity market in Central America (SIEPAC).

III. Description of activities and outputs

The project consists of three components which interact with synergies and reinforce each other in a way of building a comprehensive Framework for Public-Private Dialogue and Partnership (FPPDP) on Infrastructure Integration in the region:

¹ Giordano, Paolo (2013), After the Boom: Prospects for Latin America and the Caribbean in South-South Trade, Trade and Integration Monitor 2013, Intrade BID.

I. Component I. Knowledge Development: Business Surveys

The first component seeks to generate knowledge and information which will be critical for informing and enabling a substantive and effective public-private dialogue in the region, particularly in the infrastructure sector. This component will collect information, produce data, and carry out studies on the main institutional, operational, and regulatory barriers and bottlenecks facing private sector firms in their efforts to internationalize their business. For that purpose, the component will develop a CEO Survey of the Americas, a series of sector-based in-depth business surveys applied in all the countries of the region. The survey, targeted to high executives of private sector firms engaged in infrastructure, transport, energy, trade, and investment, represents a pioneering tool in the region's business community as well as a powerful engine producing regular flows of key inputs feeding the FPPDP. In addition to the high value generated by the production of primary data which is not abundant in traditional databases, the results and analysis carried out by experts will provide critical information and insights for the development of specific policy and regulatory proposals.

This component will involve the execution of the following activities:

- a. Identification of global best practices and rounds of consultation with experts.
- b. Surveys design.
- c. Testing and calibration of questionnaire.
- d. Surveys implementation and data collection.
- e. In-depth interviews with focus groups.
- f. Data systematization and analysis.
- g. Presentation and validation of preliminary results among experts, key informants and stakeholders.
- h. Report elaboration.
- i. Results dissemination.

II. Component II. Private Sector Coordination

The second component of the project aims at helping to organize and channel the voice of the private sector with the goal of building consensus around key policy priorities and strategic initiatives within the FPPD. The component intends to develop a region-wide mechanism for high-level business dialogue engaging major private sector organizations and business leaders focused on infrastructure integration. The mechanism is foreseen to adopt a network institutional form and will be sustained by a sector-based working-group structure integrated by business associations and company representatives. With the Bank's support, the Private Sector Integration Network will enable the business community to engage in an open, informed, and substantive dialogue enriched by data

and knowledge generated under Component I. In addition, its working-group structure will facilitate the prioritization of challenges and bottlenecks as well as the development of specific policy proposals for the FPPDP, particularly in the infrastructure sector.

The action plan foreseen for attaining the goals of Component II comprises the following activities:

- a. Round of consultations and consensus-building among strategic actors and key stakeholders.
- b. Constitution of a network of major business associations channeling the voice of the private sector.
- c. Organization of sector-based thematic working groups rounds. Definition of working procedures, election of chairperson, identification of topics and development of agenda, and preparation of work-plan and timeline.
- d. Presentation of preliminary results emerging from working groups.
- e. Reports elaboration and dissemination.

III. Component III. Public-Private Dialogue and Partnership for Integration

The goal of this component is to provide the enabling framework and tools to foster a high-level public-private dialogue and to implement its results. For this purpose the component is deployed through two interventions.

a. LAC Global Business Forum

The first intervention consists of the preparation, organization, and hosting of a major public-private business forum held at the highest level in the region under the FPPDP. The meeting will involve the participation of CEOs of leading companies and high-level business leaders; world experts and opinion-makers; and top government officials and policymakers. The forum will provide thus a unique opportunity for influential business and government leaders to engage in an active exchange of ideas intended to build consensus around key priorities and strategic policy proposals which are critical for a deeper and better infrastructure integration as well as for more dynamic regional trade and investment flows in the region. The event will include several interactive panels, presentations, and discussions led by prominent business executives and policymakers from around the world on key topics such as global economic trends and outlook, new directions in trade and investment patterns, challenges and opportunities in infrastructure integration, infrastructure for sustainable urban development, and implications for social development, among others.

b. Institutional Capacity Building

The second intervention of Component III seeks to strengthen the institutional capacity of governments and private sector organizations involved in the formulation and execution of regulatory frameworks, policies and international

initiatives for infrastructure development in LAC countries. The goal of this intervention is threefold. First, it looks to strengthen the technical and operational capacity of key public and private institutions working on infrastructure integration. Second, it attempts to generate the institutional capacity necessary to internalize, give follow-up, and implement the outcomes and proposals arising from the FPPDP (Component II and III). Third, it provides the opportunity to share data, information, and knowledge resulting from the CEO Survey of the Americas (Component I) with the intent of providing policymakers with valuable tools and inputs from the private sector that can be incorporated, and improve, the policy formulation process. In order to achieve these goals, this intervention will be carried out through intense trainings and workshops targeted to the leadership and human capital of the selected institutions.

IV. Budget

Detailed Budget			
IDB			
	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I. Knowledge Development: Business Surveys			\$150,000
CEO Survey of the Americas	\$150,000	\$0	\$150,000
Component II. Private Sector Coordination			\$75,000
Private Sector Integration Network	\$75,000	\$0	\$75,000
Component III. Public-Private Dialogue and Partnership for Integration			\$275,000
LAC Global Business Forum	\$200,000	\$0	\$200,000
Institutional Capacity Building	\$75,000	\$0	\$75,000
Total			\$500,000

V. Executing agency and execution structure

This operation will be executed by the Trade and Investment Unit of the Integration and Trade Sector (INT) of the Inter-American Development Bank, in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2). There are two major reasons that 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 the countries; (ii) the Bank, through INT in particular, has gained invaluable know-how and experience in the execution of international initiatives in

partnership with the private sector in order to implement public-private dialogue forums and knowledge development projects.

Of particular relevance to this project is also the expertise and long accumulated experience on this type of initiatives, successfully executing public-private dialogue mechanisms as well as trade, investment, and business forums throughout the region over the past 8 years –having included in all of them a special focus on infrastructure in Latin America and the Caribbean. Among these, it is worth mentioning: 2007 and 2011 Korea–LAC, 2008 Asia–LAC, 2010 and 2013 China–LAC, 2013 JAPAN–LAC, Outsource2LAC 2011-2013, and most importantly, the 2012 CEO Summit of the Americas which brought together some of the most important Heads of State and private sector representatives from the Americas to share their views and ideas on key issues for the region’s social and economic development. It is this particular record of successful results that qualifies INT to undertake the activities exposed in this TC.

VI. Project Risks and issues

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. In order to mitigate the risk, the Bank will cooperate by engaging relevant stakeholders and private sector representatives in the activities from the start of the TC and through an intensive promotion strategy with technical coordination and support to disseminate and promote the forum and to increase participation during the preparation of the Components.

VII. Environmental and Social Classification

This operation does not present environmental and social risks. It was classified as Category C in the Environmental and Screening Classification.