

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	Regional
▪ TC Name:	ConnectAmericas Logistics Community and Financial Module for Investment in Infrastructure
▪ TC Number:	RG-T2361
▪ Team Leader/Members:	Fabrizio Opertti, Team Leader (INT/TIU), Ady Beitler (INT/TIU), Matias Bendersky (ORP/ORP), Yasmin Esteves (INT/INT), Francisco Estrazulas (INT/TIU), Daniel Hincapie (ORP/ORP), Shunko Rojas (INT/TIU) y Oscar Vasco (INT/TIU).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Client Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Reference to Request: (IDB docs #)	IDBDOCS-#37764544 -ConnectAmericas - Carta Solicitud Costa Rica
▪ Date of TC Abstract:	April 30, 2013
▪ Beneficiary:	Regional
▪ Donors Providing Funds	Fund for the Financing of Technical Cooperation for Regional Infrastructure Projects
▪ Executing Agency and contact name:	The Inter-American Development Bank (IDB), through the Trade and Investment Unit (INT/TIU).
▪ IDB Funding Requested:	US\$ 750,000
▪ Local counterpart funding, if any:	N/A at this time but may be available later
▪ Disbursement period:	June 1, 2013 – December 31, 2014
▪ Required start date:	June 1, 2012
▪ 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/TIU)
▪ Included in Country Strategy (y/n);	No
▪ TC included in CPD (y/n):	
▪ GCI-9 Sector Priority:	Competitive Regional and Global Integration

II. Objective and Justification

ConnectAmericas (CA) is a trade and integration facilitation infrastructure sponsored by the IDB that will offer SMEs from Latin America and the Caribbean (LAC) an online platform where they will be able to

establish business links with clients, suppliers and investors from the rest of the region and the world, access relevant information and training tools to make international trade transactions simpler and less costly, and obtain information about trade finance opportunities. Such an infrastructure will promote integration from and for the private sector, allowing SMEs to move from the margins to the mainstream of international value chains.

CA is being developed and launched in a very favorable context thanks to the solid growth of intra-regional trade and investment in LAC, and the increased use of technology and Internet tools by SMEs. In fact, LAC is experiencing unprecedented growth in trade and investment. Between 1990 and 2010, intra-regional trade grew tenfold, approximately from USD 18 billion to USD 180 billion. In addition, although the vast majority of companies in the region are SMEs (at least 3.7 million with 5 employees or more)¹ only 13% of all LAC firms export. This scenario provides powerful reasons to deepen the integration efforts and overcome the barriers that SMEs are facing when they attempt to integrate into regional and global markets. Finally, SMEs in LAC are taking more and more advantage of the possibilities opened by the Internet. A recent study by Google showed that Internet usage in the region grew nearly 891% between 2000 and 2009, 86% of the companies surveyed had a proprietary website, and spend resources in online advertising.²

The CA integration infrastructure will offer users the following features:

Connect: this option will allow users to join professional networks of industry colleagues and potential clients, suppliers and investors. In these communities users will be allowed to share their companies' information, including description of their services, links to their websites, product catalogs, marketing materials and special offers or requests. CA will also facilitate matchmaking services in these communities, and will offer cost-effective solutions to enable business transactions, such as high quality video conferencing and messaging tools.

Learn: users will be directed to a repository of tutorials, databases, webinars and interactive tools that will enhance their knowledge of the exporting process. First, CA will provide videos on how the export process works in practice in each member country and testimonials from other companies operating in the region, as well as information channels such as blogs, news feeds and social media tools, providing the latest trends in the industries where users have formed communities. Additionally, CA will promote the services offered by government agencies - particularly Trade Promotion Organizations (TPO) and Investment Promotion Agencies (IPA) - to support the internationalization of SMEs. Finally, INTRADE – a database developed by the IDB which contains the largest repository of information and statistics on imports and exports in the region, as well as the most comprehensive data on free trade agreements signed by countries in the region – will have an interactive tool to show the existing tariffs, trade and non-trade barriers, sanitary and phytosanitary regulations, and examples of other export operations.

Finance: this module will offer users opportunities to learn about funding or technical assistance opportunities to improve their export capacity. This includes, among others: (a) information on the IDB

¹ Moreno, La Década de América Latina (2012)

² http://www.infoweek.biz/la/wp-content/uploads/2010/05/100513_internet_presentacion.pdf

lines of credit, such as the TFFP program - the list of affiliated banks, their products and the application processes for their credit lines; and (b) other financial services and technical assistance provided by the IDB Group to the SMEs, including: (i) direct financial and technical assistance by the Inter-American Investment Corporation and Multilateral Investment Fund; (ii) government programs funded by public sector windows of the Bank.

In sum, CA is a new generation of integration infrastructure that uses the Internet to replicate the physical marketplace whereby producers and buyers meet and exchange goods and services for profit. It is an infrastructure of the 21st Century that will enable SMEs participate in regional and global value chains.

The design and development of ConnectAmericas is being funded by a variety of resources and operations, including funding from the FIRII (RG-T2241; RG-T2304; RG-M1218). These are currently supporting the design of the integration infrastructure platform, the analytical work required to identify and reach out to the target markets, the integration of the INTRADE database into ConnectAmericas, and the development of the platform's first two modules (Connect and Learn).

This operation is intended to create an international transports and logistics community within ConnectAmericas, and strengthen its "Finance" module to promote investment and business opportunities in infrastructure projects across the region, with particular emphasis on public-private partnerships.

The objectives and activities of the operation correspond to the Bank's Strategy for Global and Regional Integration (GN-2565-4-2, GN-2470-2) as it will facilitate regional commerce and promote the internationalization of SMEs, thereby increasing the demand for trade-related infrastructure (e.g. transportation and customs).

In addition, this operation is consistent with the scope of the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) (GN-2344-8) because the program will contribute to the development of a commerce facilitation infrastructure platform that is expected to increase the demand for trade-related infrastructure, particularly through public-private partnerships. In this sense, the operation is consistent with the objectives of the FIRII as expressed in Paragraph 3.13 of the Fund's bylaws: *"the expected outcome of the Integration Fund is to help the countries in the preparation of good integration projects including the economic, social and environmental perspectives. This, in turn, will have a positive impact in the sustained development of the region, and help attract to the pipeline of the Bank good infrastructure operations."*

A sister TC is simultaneously being prepared and will be submitted to the RIIF Multidonor Fund Eligibility and Strategic Committee.

III. Description of Activities and Outputs

Component I. International Transports and Logistics Community. As part of the "Connect" module of ConnectAmericas, this component will create a community of companies and individuals working in the

transport and logistics industry in the region, to promote business opportunities and facilitate the dialogue towards the identification of public-private partnerships for infrastructure projects. The community will be created using existing technology solutions (LinkedIn, Facebook, Google+) and will be integrated with ConnectAmericas upon the infrastructure platform's launching.

Component II. Financial Module for Investment in Infrastructure. This component will design, test, and implement a Finance module on ConnectAmericas, specifically dedicated to promoting financing opportunities for infrastructure projects across the region. To this end, ConnectAmericas will offer mainly private sector users an investment infrastructure where companies can tender their projects, and where governments will be able to promote opportunities for public-private partnerships.

IV. Budget

Component I. International Transports and Logistics Community. (USD 400,000). Activities to be financed under this component include consultancy services to design the infrastructure for the community; a dissemination campaign to attract users to the community, with particular emphasis on social media; and implementation of a content development strategy to share with users, including case studies, blog posts, tutorials and testimonials from fellow exporters and operators in their industries.

Component II. Financial Module for Investment in Infrastructure. (US\$ 275,000). Activities to be financed under this component include consultancy services to: create a database of projects available for tender across the region and integrate the existing government procurement portals and private portals into the ConnectAmericas infrastructure.

Administration (50,000)

Monitoring and Evaluation (25,000)

V. Executing agency and execution structure

This operation will be executed by the Trade and Investment Unit of the Integration and Trade Sector of the Inter-American Development Bank, in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2). There are two main reasons that justify the execution of the project by the Bank. First, 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 countries. Second, the Bank, through the Integration and Trade Sector in particular, has gained invaluable know-how in the execution of international trade and investment promotion activities.

The contracting of project consultants will be carried out by the Bank in accordance with document GN-2350-9 (Policies for the Selection and Procurement of Consulting Services Financed by the IDB), while the procurement of goods and related services will be carried out by the Bank in accordance with document GN-2349-9 (Policies for the Procurement of Goods and Works Financed by the IDB).

INT/TIU will have the principal responsibility for the technical aspects of the project as well as the responsibility for disbursements and basic administration.

VI. Project risks and issues

The success of the project will depend on a significant level of engagement and participation of users and relevant stakeholders, including the trade promotion agencies of the countries where the integration infrastructure platform will be launched. The operation will mitigate the risk by engaging these users and stakeholders in the activities from the start of the TC and through an intensive promotion strategy during the preparation of the Components.

VII. Environmental and Social Classification

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 <http://DOCNUM=37786308>.