

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	K-LAC Trade & Innovation Forum 2024
▪ TC Number:	RG-T4464
▪ Team Leader/Members:	MORENO GONZALEZ, SAMUEL GUSTAVO (INT/TIN) Team Leader; STENERI, PABLO (INT/INT); KIM, BAEKJIN (INT/TIN); ESTEVES, YASMIN (INT/INT); TEMPESTTI ROCIO EVA (INT/INT); BROGERAS, DAVID (DSP/ADV); DO, BYUNG HUN (VPC/VPC); BONILLA MERINO ARTURO FRANCISCO (LEG/SGO); SIQUEIRA MORAES, MARCOS (VPC/002)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	12 Mar 2024
▪ Beneficiary:	Clients of IDB, potential new clients in LAC
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$800,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INT - Integration and Trade Sector
▪ Unit of Disbursement Responsibility:	INT/INT - Integration and Trade Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Economic integration

II. Objective and Justification

- 2.1 This technical cooperation (TC) aims to facilitate strengthen bilateral economic ties of Latin America and the Caribbean (LAC) with Korea. It will foment sustainable digital transformation in LAC through increased cooperation, all while fostering an increase in trade and investment opportunities between Korea and LAC economies. To achieve this goal, this TC aims to: (i) share experiences, technologies, and solutions related to sustainable digital transformation; (ii) generate business opportunities and partnerships between the Korean and LAC private sectors; (iii) identify potential clients and partners for collaboration opportunities with the IDB Group.
- 2.2 Since 1990, world bilateral trade has expanded gradually at an 4.9% annual rate to an all-time high of \$43 trillion in 2021. In the case of LAC it has shown a remarkable increase of 13.9% in same period, ascending to \$52 billion in 2021. Even though trade between Korea and LAC declined significantly in 2020 due to COVID-19, it has been recovering since 2021. For example, information and communications technology (ICT) trade in 2021 expanded by 12.6%, amounting to \$5.2 billion. Korea's investment in LAC's manufacturing sector amounted to \$7.5 billion. This indicates that Korean companies are contributing to local job creation and the development of high-quality human resources by focusing on high-tech industries such as automobiles, home appliances, and mobile phones, among others. Korea is the Asian economy with the largest network of Free Trade Agreements (FTAs) with LAC partners, signing its first

bilateral FTA with Chile (2004), and later with Peru (2011), Colombia (2016), and a multilateral FTA with five Central American countries (Nicaragua, El Salvador, Honduras, Costa Rica, and Panama) that went into effect earlier in 2021. Furthermore, Korea is seeking to join the Pacific Alliance (PA) as an associate member and is currently negotiating FTA with MERCOSUR and Mexico. Additionally, the Korea-Ecuador Strategic Economic Cooperation Agreement (SECA) and the multilateral FTA with the Central American countries group, including Korea and Guatemala, have reached a compromise.

- 2.3 Over the past 60 years, Korea LAC region have forged a partnership aimed at mutual prosperity working closely to navigate challenges, most recently during the sanitary crisis caused by COVID-19. As a member country of the IDB for almost two decades, there is clear recognition of the need to prepare for post COVID-19 era by significantly enhancing trade and investment between the regions through ongoing dialogue and platforms such as the Korea-LAC Innovation and Trade Forum and the Korea-LAC Business Summit.
- 2.4 During the Korea-LAC Trade & Innovation Forum in 2023, as agreed upon by the IDB group and the Government of Korea in November 2022, the Korean government proposed the K-LAC Trade & Innovation Forum to bolster private sector exchanges between Korea and LAC. This proposal was made in recognition of the private sector's crucial role in the sustainable development of LAC countries and the keen interest in learning from Korea's expertise and leadership in distinct digital transformation technologies.
- 2.5 The IDB Group has successfully organized numerous activities aimed at promoting bilateral exchanges and investment between Korea and LAC. These activities include training seminars, site visits, dissemination events, startup pitch days, and business matchmaking activities. These engagements have proven to be very effective in fostering cooperation and collaboration between the two regions. Specifically, the 2023 Korea-LAC Trade & Innovation Forum achieved several notable outcomes: (i) 650 individuals from Korea-LAC participated in the Business Forum and thematic workshops; (ii) 43 LAC and 13 Korean companies engaged in business matchmaking meeting; (iii) 16 Korean and LAC early-stage start-ups participated in a pitch competition to seek investment and collaboration opportunities. Since joining the IDB Group in 2005, Korea has funded a various IDB initiatives, including poverty alleviation programs, the development of micro, small and medium-sized companies (MSMEs) in LAC, and knowledge-sharing programs, among others.

III. Description of Activities and Outputs

- 3.1 **Component I: Component I: K-LAC Trade & Innovation Forum.** Two-day event in Brazil, will serve as a platform to foster and bolster business and investment opportunities supported by the IDB between Korea's and LAC's private sectors, enhancing the potential for cooperation in the post-pandemic context. The agenda will consist of group discussions, one-on-one business matchmaking sessions, and a pitching activity for early-stage startups (US\$100,000 will be allocated as contingency funds, to be used after consultation with the donor and fund manager).
- 3.2 **Component II: Component II: Outreach & Dissemination.** To conduct preparation and promotional activities to raise awareness about the event and generate interest. Sponsorship opportunities for IT-related multinational companies will be considered. A forum webpage will be created to disseminate knowledge products relevant to Korean and LAC companies. A social media marketing strategy implemented, with forum sessions and tracks being live-streamed. An Online platform/community will be established for the exchange of business information.

- 3.3 **Component III: Component III: Contingency Funds.** Of the total requested resources, US\$100,000 will be allocated as contingency funds for unexpected occasions. The contingency funds may only to be used after consultation with the donor and fund manager.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I: K-LAC Trade & Innovation Forum	US\$650,000.00	US\$0.00	US\$650,000.00
Component II: Outreach & Dissemination	US\$50,000.00	US\$0.00	US\$50,000.00
Component III: Contingency Funds	US\$100,000.00	US\$0.00	US\$100,000.00
Total	US\$800,000.00	US\$0.00	US\$800,000.00

V. Executing Agency and Execution Structure

- 5.1 This project will be executed by the IDB's Integration and Trade Sector's Trade and Investment Division (INT/TIN) in close collaboration with IDB Invest and IDB Lab.

- 5.2 This TC will be executed by the Bank for the following reasons: It is a regional initiative requiring coordination among numerous stakeholders in both the public and private sectors across the region. The Bank's established presence in every involved country positions it as an ideal entity to lead this project. INT/TIN has gained invaluable know-how in the execution of Asia-LAC initiatives, including seven editions of the Korea-LAC series: 2007 (RS-T1360) RG-T2025), 2011 (RG-T 2025), 2015 (RG-T2533), 2017 (RG-T3048), 2019 (RG-T 3485), 2022 (RG-T 3913), and 2023 (RG-T 4309). These forums have been instrumental in fostering increased bilateral trade and investment between Korea and LAC countries. The Division has the necessary human resources and expertise to effectively prepare and implement this activity.

The project team will closely collaborate with its local partners recommended by the Ministry of Economy and Finance of Korea, specifically the Export-Import Bank of Korea and the Korea Trade-Investment Promotion Agency (KOTRA). The Export-Import Bank of Korea will provide technical support to the IDB team in the selection process of public and private sector Korean panelists and event participants. KOTRA will leverage its 12 regional offices across LAC to assist in identifying relevant exporters to attend the forum and participate in the B2B one-on-one matchmaking activities.

VI. Project Risks and Issues

- 6.1 Implementation of regional TCs for the execution and delivery of business fora such as this one implies risks related to inter-institutional coordination and the possibility of changes to the execution timeline. Having the IDB as the executing agency mitigates this type of risks. For example, during the preparation phase of RG-T3913 for the Korea LAC Business Summit, we were able to mitigate the risk of re-scheduling due to the COVID-19 pandemic and we were able to successfully deliver the forum in 2022, even though it was originally slated to occur in 2021.

VII. Environmental and Social Aspects

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).