

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	K-LAC Trade & Innovation Forum 2024
▪ TC Number:	RG-T4464
▪ Team Leader/Members:	Moreno Gonzalez, Samuel Gustavo (INT/TIN) Team Leader; Siqueira Moraes, Marcos (VPC/002); Moonkyung Cho (LAB/INV); Brogeras, David (DSP/ADV); Ana Luisa Albarran (LAB/STI); Bonilla Merino Arturo Francisco (LEG/SGO); Steneri, Pablo (INT/INT); Tempestti Rocio Eva (INT/INT); Kim, Baekjin (INT/TIN); Moreno, Michelle Leonor (ITE/IPS); Do, Byung Hun (VPC/VPC); Esteves, Yasmin (INT/INT)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	12 Mar 2024.
▪ Beneficiary:	Clients of IDB, potential new clients in LAC, entrepreneurs from IDB Member Countries, Governments from IDB Borrowing Member Countries.
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Knowledge Partnership Korea Fund for Technology and Innovation(KPK); Korea Private Sector Development and Innovation Fund(KPS)
▪ IDB Funding Requested:	Knowledge Partnership Korea Fund for Technology and Innovation (KPK): US\$400,000.00 Korea Private Sector Development and Innovation Fund (KPS): US\$400,000.00 Total: US\$800,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	June 15, 2024
▪ 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):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the IDB Group institutional Strategy 2024-2030:	Economic integration; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

2.1 This technical cooperation (TC) is designed to enhance and strengthen the bilateral economic relations between Latin America and the Caribbean (LAC) and Korea. Its primary objective is to promote sustainable digital transformation within LAC, achieved through heightened cooperation, thereby augmenting trade and investment opportunities between Korea and LAC economies. To achieve this goal, this TC aims to: (i) facilitate the exchange of experiences, technologies, and solutions pivotal to sustainable digital transformation; (ii) generate business opportunities and foster partnerships between the Korean and LAC private sectors; (iii) identify potential clients and partners for collaboration opportunities with the Inter-American Development Bank (IDB) Group.

- 2.2 Since 1990, world bilateral trade has expanded gradually at an 4.9% annual rate to an all-time high of US\$43 trillion in 2021. In the case of LAC, it has shown a remarkable increase of 13.9% in same period, ascending to US\$52 billion in 2021¹. Although 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 US\$5.2 billion². Korea's investment in LAC's manufacturing sector amounted to US\$7.5 billion³. 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 has forged a partnership focused on mutual prosperity, working closely to navigate challenges, including the recent sanitary crisis triggered 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 public-private dialogue and platforms such as the Korea-LAC event series, a collaboration that began in 2007 between the IDB Group and the Government of Korea.
- 2.4 In November 2022, during the 6th Korea-LAC Business Summit, a significant agreement was reached between the Korean Government and the IDB Group to launch the inaugural event of the Korea-LAC event series within a LAC country. This initiative led to the creation of the Korea-LAC Innovation and Trade Forum, aimed at enhancing private sector exchanges between Korea and the LAC region. This strategic move was motivated by the recognition of the private sector's pivotal role in the sustainable development of LAC countries. It also reflects a strong interest in leveraging Korea's expertise and leadership in various digital transformation technologies. This forum represents a step forward in fostering deeper collaboration and knowledge exchange, aimed at driving innovation and economic growth in both regions.
- 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 competitions, and business matchmaking activities. These engagements have proven to be highly 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

¹ [World Integrated Trade Solution.](#)

² [Ministry of Science and ICT of Korea.](#)

³ [Ministry of Economy and Finance of Korea.](#)

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 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.

- 2.6 This TC will leverage the dynamic interactions already fostered through the above-mentioned activities to facilitate the successful execution of a two-day event in Rio de Janeiro, Brazil, scheduled to take place on July 25-26, 2024. This forum aims to enable an exchange among entrepreneurs and government officials from Korea and IDB's 26 borrowing member countries, serving as a platform to foster and bolster business and investment opportunities supported by the IDB Group 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. The event will focus on innovative collaboration models designed to mitigate the effects of future sanitary crisis such as the COVID-19 pandemic, spur sustainable economic growth, and initiate a more a deeper and more integrated bilateral relationship, all supported by emerging digital technologies. For example, the pandemic has highlighted various trade trends, such as contactless negotiations and digital-led "untact" business models. These include innovations in agribusiness to meet the increasing demand for efficient and innovative "touchless" technologies, which in turn facilitate cultural shifts, changes in workplace and business modalities, and the rapid expansion of e-commerce and digital platforms.
- 2.7 The TC project team will collaborate closely with the Korean partners recommended by the Ministry of Economy and Finance of Korea, namely the Export-Import Bank of Korea (KEXIM) and Korea Trade-Investment Promotion Agency (KOTRA). KEXIM will provide technical support to the IDB team in the selection of public and private sector Korea and LAC panelists and event participants. KOTRA, through its network of regional offices based throughout LAC, will assist in the selection of relevant exporters from the region to attend the summit and participate in the one-on-one business matchmaking activity.
- 2.8 **Strategic Alignment** This TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) is aligned with the objectives of: (i) reduce poverty and inequality; and (ii) bolster sustainable regional growth. To this end, the TC strives to address the operational focus areas of: (i) biodiversity, natural capital and climate action, (ii) productive development and innovation through the private sector; and/or (iii) sustainable, resilient, and inclusive infrastructure; and (vi) regional integration; through a series of high-level discussion panels featuring private sector leaders and public sector officials from both regions, interactive capacity building activities, and matchmaking activities to generate new leads, business deals, and foster the sharing of best practices and expertise from Korea with a focus on addressing the gaps present in LAC.
- 2.9 In addition, the TC is aligned with the objectives of the Knowledge Partnership Korea Fund for Technology and Innovation (KPK) and the Korea Private Sector Development and Innovation Fund (KPS). The KPK aims to foster the introduction of innovative ideas, best practices, and valuable insights in science, innovation, and ICT sectors. Meanwhile, the KPS seeks to promote economic growth in member countries by funding technical assistance programs and providing pre-financing for private sector

initiatives, specifically targeting the development of small and medium enterprises (SMEs).

- 2.10 The direct beneficiaries include governments and business executives from IDB's 26 borrowing member countries, as they will gain expertise to implement effective and sustainable projects with Korean counterparts. Additionally, current and potential new IDB clients in the LAC region will benefit from addressing information gaps and generating leads that can lead to enhanced public and private sector partnerships between LAC and Korea.

III. Description of activities/components and budget

- 3.1 **Component I: K-LAC Trade & Innovation Forum (US\$650,000).** A two-day event in Rio de Janeiro, Brazil is scheduled to take place tentatively on July 25-26, 2024; will consist of group discussions, one-on-one business matchmaking sessions, a pitching activity for early-stage startups, and bilateral and multilateral networking meetings.
- 3.1.1 **Panel Discussion.** The TC will finance a two-day agenda that will primarily consist of panel discussions. It will be an opportunity for the productive exchange of ideas and information between business leaders and public sector officials from both regions working in trade and investment, public-private partnerships (PPPs) innovation applied to agriculture, energy transition, among other sectors. Attendees will benefit from high-caliber networking and an array of thought-provoking business sessions.
- 3.1.2 **1 on 1 Business Matchmaking Meeting.** The TC will finance a two-day agenda of pre-arranged business matchmaking meetings for SMEs, clients for major infrastructure projects, and agricultural and food industry entrepreneurs from LAC with Korean counterparts to explore commercial opportunities. Panel discussion speakers in the innovation and services industry will also join be able to schedule bilateral meetings to explore partnership and knowledge-sharing opportunities.
- 3.1.3 **Startup Pitch Day.** The TC will finance a day-long side event with the objective of establishing enduring economic ties between the regions' tech sectors by connecting entrepreneurs, investors and early-stage company support institutions from Korea and LAC. Participating startups will have the opportunity to share innovative business solutions as well as to connect as potential partners for the creation of Korea-LAC joint ventures, technology transfer, joint global marketing initiatives, barter marketing, among other business links and cooperative endeavors. Investors and accelerators will be invited to support the financing needs of these companies and joint initiatives.
- 3.1.4 **Bilateral and Multilateral Networking.** The TC will also finance the organization of high-level meetings to promote effective dialogue and enhanced links for representatives from both regions' private and public sectors with the goal of creating new networks and reinforcing existing ones for further cooperation.
- 3.2 **Component II: Outreach & Dissemination (US\$50,000).** Preparation and promotional activities will be carried out to raise awareness about the event and generate interest. Sponsorship opportunities for Korean and LAC companies will be considered. To disseminate the forum activities and results to the TC beneficiaries, a forum webpage will be created that will include knowledge products relevant to Korean and LAC companies. In addition, a social media marketing strategy will be implemented, with forum sessions and tracks from the forum being live-streamed, and

an Online platform/community will be established for the exchange of business information.

- 3.3 **Contingency Funds (US\$100,000).** Resources will be allocated as contingency funds to address unforeseen circumstances. The contingency funds may only to be used after consultation with the donor and fund manager.
- 3.4 **Budget.** The total cost of this project is US\$800,000 to be financed by the Knowledge Partnership Korea Fund for Technology and Innovation (KPK) and the Korea Private Sector Development and Innovation Fund (KPS).

Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	KPS Funding	KPK Funding	Total Funding
Component I: K-LAC Trade & Innovation Forum	650,000	325,000	325,000	650,000
Component II: Outreach & Dissemination	50,000	25,000	25,000	50,000
Contingency Funds	100,000	50,000	50,000	100,000
Total	800,000	400,000	400,000	800,000

- 3.5 To evaluate the progress on the expected outcomes, the project team will conduct semiannual surveys to participants following the forum to measure and evaluate the impact achieved.
- 3.6 In addition, a robust communication strategy will be implemented to disseminate the outcomes. The ConnectAmericas.com⁴ platform will also be leveraged to produce and share knowledge products and success stories of business collaborations between LAC and Korean companies –through photos, videos, and webinars, in order to ensure that a broad audience from LAC gains a better understanding of how to enhance their trade and investment relationships with Korea. Moreover, a summary report will be distributed to all registered participants and made accessible to all Bank staff.

IV. Executing agency and execution structure

- 4.1 This project will have an execution period of 24 months and will be executed led by IDB’s Integration and Trade Sector (INT/INT) in close collaboration with IDB Invest and IDB Lab. Disbursements will be executed by INT/INT. IDB Invest will lead the organization of two plenary sessions on two topics of strategic importance to their operations while IDB Lab, for its part, will lead a plenary session on early stage investments as well as the organization of a startup pitching activity for entrepreneurs from Korea and LAC.
- 4.2 This TC will be executed by the Bank for the following reasons: It is a Research and Dissemination TC, that originates as an initiative of the IDB. Additionally, it is a regional initiative requiring coordination among numerous stakeholders and beneficiaries in both the public and private sectors across the region, including entrepreneurs from IDB Member Countries and Governments from IDB Borrowing Member Countries. The

⁴ ConnectAmericas is a social networking platform that helps small and medium-sized businesses in Latin America and the Caribbean expand into international markets. It was created in 2014 by the Inter-American Development Bank (IDB) with support from Google, Mastercard, Sealand, DHL, and Meta.

Bank's established presence in every involved country positions it as an ideal entity to lead this project. INT/INT has gained invaluable knowledge 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-T3485), 2022 (RG-T3913), and 2023 (RG-T4309). These forums have been instrumental in fostering increased bilateral trade and investment between Korea and LAC countries.

- 4.3 As in previous events with Korea which have aimed to create more bilateral trade and investment opportunities between Korea and LAC countries, INT/INT possesses both the adequate team and expertise to successfully prepare and execute this activity and will employ a robust research and dissemination strategy through various channels with the goal of generating value for the Bank and its member countries in the region. The team will prepare a detailed post-event summary report to report on the results achieved, cancel any unspent funds and close the TC as soon as possible after the event.
- 4.4 All activities to be executed under this TC have been included in the Procurement Plan (see Annex III) and will be contracted in accordance with Bank policies as follows: (i) AM-650 for Individual consultants; (ii) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for Services of an intellectual nature; and (iii) GN-2303-28 for logistics and other related services.
- 4.5 Since bank personnel hold a high level of experience and technical ability on the issues that will be disseminated during the workshop, and for the purposes of transferring such knowledge and experience to the beneficiaries of this TC, it is proposed that part of the resources be used to cover staff travel costs to participate in the event in agreement with the donor. The financing of these costs is consistent with the Technical Cooperation Policy of the Bank and is not intended to supplement the administrative budget.
- 4.6 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. The final selection of panelists and participants to invite will be the responsibility of the project team, taking into consideration an adequate geographic balance, alignment with the major themes of the event, and ongoing or potential collaborations with the IDB Group.

V. Major issues

- 5.1 **Risk mitigation.** 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 risk. 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.

5.2 **Project sustainability.** Sustainability-related considerations will be prioritized throughout the design and execution phases of this project. It is important to highlight the fact that the partnership developed through these types of initiatives can falter due to physical distances, cultural misunderstandings and language barriers. To address these issues, the project team will make a great effort to deliver tailored matchmaking experience complemented by effective follow-up mechanisms. To this end, the team will strive to forge a robust bond with partners in the region and Korea through: (a) active communication for participants, to reflect their business needs as clear and effective as possible; (b) building aftercare systems to verify the needs for technical assistance, and (c) the collection of success stories to disseminate among relevant stakeholders.

VI. Exceptions to Bank policy

6.1 There are no exceptions to the Bank policy in this project.

VII. Environmental and Social Aspects

7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Results Matrix_16742.pdf](#)

[Terms of Reference_80027.pdf](#)

[Procurement Plan_9068.pdf](#)