

TC ABSTRACT

I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	China-LAC Knowledge and Policy Exchange Initiative (KPEI): Phase 1
▪ TC Number:	RG-T2665
▪ Team Leader/Members:	Roberto Manrique (Team Leader, IFD/IFD); Joaquim Tres (Alternate Team Leader, INT/INT); Fan Li (ORP/ORP); Melissa Gonzalez (IFD/ICS); Tomas Serebrisky (INE/INE) and Frederico Guanais (SPH/CPE) and LEG
▪ 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:	N.A.
▪ Date of TC Abstract:	June 1, 2015
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Public sector institutions from all IDB borrowing member countries.
▪ Executing Agency and contact name	IDB (IFD/IFD)
▪ IDB Funding Requested:	US\$500,000
▪ Local counterpart funding, if any:	N.A.
▪ Disbursement period (which includes execution period):	24 months (execution period 36 months)
▪ Required start date:	September, 2015
▪ Types of consultants (firm or individual consultants):	Individual consultants, firms or think-tanks and academic institutions
▪ Prepared by Unit:	IFD/IFD and INT/INT
▪ Unit of Disbursement Responsibility:	IFD/IFD
▪ Included in Country Strategy (y/n);	No
▪ TC included in CPD (y/n):	No
▪ GCI-9 Sector Priority:	Regional and global integration, and Institutions for Growth and Social Welfare. Other GCI-9 priorities may be included depending on the thematic area of activity.

II. Objective and Justification

2.1 During the past decade, the economic ties between China and countries of the LAC region have been strengthened. China has become the second largest trading partner of the region. The China-LAC relationship has developed over time beyond the trade and investment agenda, incorporating a solid policy and cooperation agenda in different sectors due mainly to the striking similarities in development challenges that both regions face. Among them, a special focus has been given to persistent poverty and inequality, regional disparities, the need for sustainable development and urbanization, keeping up with infrastructure and the trade, investment, environmental protection, and financial frameworks required for growing economies. The growing economic ties and commonalities also offer opportunities to share the lessons learned from different economic development

experiences and to deepen China-LAC institutional cooperation, which will serve to provide innovative solutions for sustaining poverty reduction in an environment of global economic uncertainty through South-South Cooperation (SSC).

- 2.2 China joined the IDB as the Bank's 48th member country in January 2009, reflecting these growing ties. In addition to holding part of the Bank's capital, China made a special contribution of US\$ 75 million dollars that the IDB allocated to establish the Institutional Capacity Strengthening Fund (ICSF) with the objective of strengthening institutions promote and greater participation and inclusion of civil society and the private sector in shaping government policies and programs in Latin America and the Caribbean.
- 2.3 Most recently, the IDB and the People's Bank of China (PBC) signed a new framework agreement that expands their ongoing partnership to promote cooperation between China and LAC with a long term vision (5 years)¹ builds upon an ongoing collaboration between the institutions. This MoU promises to promote deeper and broader knowledge exchange between China and LAC for a strengthened partnership in the priority areas included in the Bank's Update to the Institutional Strategy 2010-2020, Partnering with LAC to Improve Lives.
- 2.4 The current partnership between China and the IDB has had concrete and positive results for LAC countries. In March 2011 the Bank approved the China-IDB Exchange and Scholarship Program project (RG-T1973), with the aim of building the capacity of public and private institutions in the region to promote and deepen economic relations between LAC countries and China. This project has financed the dissemination of knowledge in LAC by specialists from China, capacity-building in China for LAC development practitioners, and business and academic networks through an exchange program; collaborative research; and helped sponsor or financed participation in six workshops, seminars, and forums.² The project strengthened the partnership and brought in new partners from China to support the Bank's mandate in supporting the economic and social development in LAC. In June 2013, the project **LAC-China Knowledge Exchange Institutions Sustainable and Long-Term Development** (RG-T2290) was approved with the objective of generating and facilitating the exchange of knowledge for sustainable long-term development through conferences, seminars as well as dissemination of policy experiences, research papers, and other relevant materials between policymakers in both regions. This project supported the **First Latin America and China Policy and Knowledge Summit on Rapid Urbanization and National Prosperity**, co-organized by Chinese Academy of Social Sciences (CASS), the IDB and the Government of Peru in Lima. Both projects were financed with ICSF resources. The Second Summit Latin America and China Policy and Knowledge Summit, expected to focus on leadership and capacity building for public sector executives, is scheduled to be held in China later in 2015.
- 2.5 This project seeks to build upon the successful experiences and results of RG-T1973 and RG-T2290. It is the first of a series of exchange programs that aim at enhancing the areas of collaboration between China and LAC, so as to implement the commitments subscribed by the Bank and the PBC in the new MoU signed at the Bank's 2015 Annual Meeting in Busan.

¹ The Memorandum of Understanding (MOU) was signed at the 2015 IDB-IIC Annual Meeting of the Boards of Governors in Busan, Korea by PBC Deputy Governor Yi Gang and IDB President Luis Alberto Moreno.

² Major deliverables included the research promoting Chinese investment into Central American countries, Eighth China-LAC Business Summit, held in Changsha City, Hunan Province, in September 2014, and exchange visits to China in the areas of trade facilitation and customs, trade promotion, trade finance, micro-finance, and sustainable energy, among others.

The MoU sets forth a comprehensive and strategic cooperation plan with a long-term vision. The project will focus on two main groups of activities specified by the MOU: (i) institutional cooperation and (ii) knowledge sharing in specific areas such as urbanization; culture, science and technology; trade and investment; social and education projects; environmental protection; infrastructure and related areas.

- 2.6 The general objective of this project is to promote deeper and broader sharing and exchange of knowledge between China and Latin America and the Caribbean (LAC) in order to enhance cooperation and consolidate the institutional and economic linkages between the regions. The emergence of Asia, and in particular of China, is a new driver for integration and offers a set of new incentives and opportunities for cooperation and for laying the necessary foundations for long-lasting cooperation and integration.³
- 2.7 The specific objectives of the project are to: (i) facilitate knowledge-sharing and best-practice sharing between China and LAC countries through joint research, scholarly exchanges, and knowledge events; (ii) strengthen public policy design and technical capacity through dialogue between government officials and technical specialists in the areas mentioned in paragraph 2.5 which are key to support the social and economic development in the LAC region; and (iii) promote development and economic opportunities for LAC countries in China.
- 2.8 The proposed project is consistent with the ICSF overall objective to contribute to the strengthening of institutions and greater participation and inclusion of civil society and the private sector in shaping government policies and programs in LAC and directly addresses the specific objective of bringing actors to the table, promoting strategic alliances, involving think-tanks and universities, increasing inter-institutional communication, and disseminating best practices through South-South dialogue in order to facilitate institutional reform. Future programs in the series will be subject to the availability of ICSF and other financing sources.

III. Description of activities

- 3.1 **Component 1. China–LAC Joint Research Activities.** This component will support collaborative research towards the identification and preparation of public policy recommendations and proposals in areas such as institutional development infrastructure, urbanization, sustainable development, environmental protection, agriculture, trade and investment, culture and education, and social policy and poverty reduction. This would include policy research papers, joint conferences or workshops to launch and/or disseminate research, policy-makers and public officials’ networks, and other forms of institutional collaboration, including a possible online platform to support data sharing.
- 3.2 **Component 2. Dialogues, Policy Summits, Business Meetings and other events.** This component will host, co-sponsor, and support participation in events to promote policy and knowledge exchange, and trade summits in order to promote and further develop institutional and business linkages between China and LAC countries. Activities under this component will benefit from the research developed in Component 1.
- 3.3 **Component 3. Capacity building and institutional exchanges through South-South Cooperation.** The Component will support short-term capacity building exchanges of up to two weeks between China and LAC countries. Specific activities will be determined

³ IDB’s Ninth General Capital Increase (GCI-9)

collaboratively by all IDB sectors, and PBC, taking into account operational relevance, the institutional priorities laid out in GCI-9 and its Institutional Strategy Update, and the MOU signed by PBC and IDB.

IV. Budget

4.1 A total budget of US\$500,000 is requested for this project.

Indicative Budget

Activity/Component	Proposed IDB Funding
Component 1. China–LAC Joint Research Activities	\$150,000
Component 2. Dialogues, Policy Summits, Business and other events.	\$175,000
Component 3. Capacity building and institutional exchanges through South-South Cooperation	\$150,000
Monitoring, assessment, dissemination and overall management	\$25,000
Total	\$500,000

V. Executing Agency and Execution Structure

- 5.1 The IDB, through IFD/IFD, will be the executing agency. The Bank’s close working relationship with China through the ICSF as well as IFD’s leading role with LAC countries on the areas of the proposed TC position IFD well both as convener and facilitator for the proposed activities. The IDB has also established a network with Chinese institutions, including the People’s Bank of China, and the Chinese Academy for Social Sciences, as well as other Chinese agencies that will be identified and reached out to during the assessment stage.
- 5.2 To successfully implement program activities, Chinese and LAC academic institutions will be engaged as their participation will enhance the reach of the activities and contribute to the sustainability of the results. New institutional partnerships are expected to be established between Chinese and LAC institutions as part of this program.
- 5.3 IFD/IFD will monitor project implementation through close coordination with other VPS teams. Brief reports will document each activity and surveys will be implemented before and/or after each capacity building activity, event and exchange program. The project team will be in charge of the assessment and systematization of the results achieved.
- 5.4 **Procurement.** The Bank will hire consulting and other services (individuals and firms) in accordance with current Bank policies and procedures.

VI. Project Risks and issues

- 6.1 The main risks are: (i) potentially insufficient programming and relevance of the research activities and events, leading to inadequate participation, which will be mitigated by early identification of the demand for and operational relevance of specific topics as well as a timely dissemination of the proposed activities; and (ii) insufficient relevance and quality participants in the exchange program, which will be mitigated by close cooperation between the IDB and PBC to identify activities and the criteria for the selection of participants.

VII. Environmental and Social Classification

- 7.1 According to the ESG classification, this operation entails no environmental and social risks whatsoever, as it is only dealing with the organization of dissemination and capacity-building activities. The operation has been pre-classified as Category C by the Environmental

and Social Safeguard System of the Bank (see: [IDBDOCS-#39668597](#)).