

## TC Abstract

### I. Basic project data

• Country/Region :	REGIONAL/CAN - Andean Group
• TC Name :	Strengthening Ibero-American Public-Private Partnerships
• TC Number :	RG-T2765
• Team Leader/Members :	OPERTTI,FABRIZIO - Team Leader ESTEVES,YASMIN - Project Assistant MEJIA RIVAS,ISABEL - Team Member ESTRAZULAS DE SOUZA,FRANCISCO HUGO - Team Member HOYUELA LOPEZ,RAFAEL - Team Member HINCAPIE SALAZAR,DANIEL - Team Member FERNANDEZ DE SOTO,CAMILO - Alternate Team Leader RODRIGUEZ MOLINA,RAUL - Team Member FIORAVANTI,REINALDO DANIEL - Team Member PAZ SOLDAN ANDRADE,ANA LUCIA - Project Assistant JIMENEZ MOSQUERA,JAVIER I. - Attorney
• Indicate if : Operational Support, Client Support, or Research & Dissemination.	Research and Dissemination
• If Operational Support TC, give number and name of Operation Supported by the TC:	
• Reference to Request :(IDB docs #)	
• Date of TC Abstract :	28 Jun 2016
• Beneficiary (countries or entities which are the recipient of the technical assistance):	Regional
• Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {if Bank: Contracting entity} { if the same as Beneficiary, please indicate}	US-IDB - Camilo Fernandez
• IDB Funding Requested :	\$ 200,000.00
• Local counterpart funding, if any :	\$ 0.00
• Disbursement period (which includes execution period):	12 months
• Required start date :	
• Types of consultants (firm or individual consultants):	Individuals Firms
• Prepared by Unit :	Trade and Investment
• Unit of Disbursement Responsibility :	INTEGRATION DEPARTMENT FOR RTC AND SDI
• Included in Country Strategy (y/n): TC included in CPD (y/n):	No No
• GCI-9 Sector Priority	Fostering development through the private sector

### II. Objective and Justification

the objective of this project is to identify major obstacles and bottlenecks preventing private sector firms from taking advantage of the region's actual investment opportunities, and to develop sector-specific recommendations so both the public and private sector know what needs to be done to take action and make a reality those opportunities.

Between July 2014 and June 2015, the value of global trade declined 11.8%, a fall roughly equivalent to one third of the trade collapse of 2008–2009. The reversal of the trend of world trade has strongly affected the exports of Latin America and the Caribbean (LAC). In particular, in 2014 LAC exports fell 18%. In 2014, LAC faced reduced demand due to declines in purchases from the European Union (EU) (–6.2%) and the region itself (–3.2%), to zero growth in imports from China, and to an increase of U.S. imports of just 0.6% annually. In 2014, the Euro zone emerged from a recession, although growing just 0.9% and in the first half of 2015, the year on year variation of GDP slightly accelerated to 1.1%. Finally, China’s activity expanded at the slowest pace in nearly 30 years, with a year on year growth rate of 7.0% in the first half of 2015 .

Intra-regional trade among 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 such as Europe or Asia.

The EU is linked to most non-EU Caribbean countries through an Economic Partnership Agreement. Free trade areas have been fully in force with Mexico and Chile since 2000 and 2005 respectively. Free trade agreements between the EU and Colombia and Peru have been applied since 2013. Ecuador initiated its accession protocol to this Agreement in December 2014. Central America and EU parties are provisionally applying a free trade area since 2013. Negotiations for a free trade area continue with Mercosur . There is a low level of integration in part, because private sector firms, underlying drivers of regional integration, still face important barriers in infrastructure integration which are less transparent and harder to quantify. Regardless of the challenging trade outlook for the region and the fragile European growth, the EU is still the main development partner of the LAC region, its second largest trade partner and its first investor with Spain leading the list. Even with the achievements in recent years in terms of economic integration, the global crisis has highlighted the need to strengthen and deepen trade ties not only between countries in the region, but also with other strategic partners to take full advantage of the opportunities economic liberalization offers.

In 2016, the Ibero-American General Secretariat (SEGIB) and the Government of Colombia are organizing the XXV Heads of State and Government Summit the 28th and 29th of October in Cartagena, Colombia., they will hold a Business Summit to promote a high level dialogue between Ibero-American business leaders, policy makers and high level government officials to analyze and discuss, from a public and private perspective, successful cases and lessons learned on how Ibero-America can work together to address barriers in infrastructure to maximize their economic and business relationship. The Business Summit offers a first level platform to connect private and public interests and to work on the political and private sector visions of the challenges of the region, with the participation of diverse and important players in LAC.

### **III. Description of activities and outputs**

Component I. Knowledge Development to Take Action. This component will generate strategic knowledge with the objective of informing public and private sector stakeholders on specific actions to materialize the needed investments in infrastructure in the region. Based on actual investment opportunities for infrastructure integration in LAC countries, this component will identify the major obstacles and bottlenecks preventing private sector firms from investing in the region, and will provide sector specific recommendations in infrastructure, to improve the institutional and regulatory frameworks to eliminate the barriers the private sector is facing in order to create a business and investment climate that attracts investors to the region. The studies will be carried out in the region's Ibero-American countries (19 countries), subject to availability of information on each country. The studies will identify up to five obstacles per country and provide a recommendation to address such obstacles. The studies will take into consideration the Bank's International Infrastructure Support System and other relevant work to avoid duplicity and generate synergies. These recommendations will be presented at the Ibero-American Business Summit in Cartagena to which Component II will provide support.

Component II. Ibero-American Business Summit. This component will support the organization of a one-day Business Summit, to be held in the city of Cartagena, Colombia which aims at opening a new opportunity of dialogue among business leaders, policy makers, and government officials to strengthen and upgrade the economic ties between LAC and the EU. The Business Summit will constitute an ideal setting in which the private sector will have a direct channel of communication with the public sector to present recommendations that can strengthen and deepen regional integration and promote intraregional trade and investment opportunities. The event will involve a series of panels and discussions involving high-level government officials including Heads of State and Government and business leaders of leading private companies in Ibero-America where the results from Component I will be presented providing an ideal space for an effective call to action for both the public and private sector.

**Outcomes**

Name:

**Components**

Name: Component I. Knowledge Development to Take Action.

Description: This component will generate strategic knowledge with the objective of informing public and private sector stakeholders on specific actions to materialize the needed investments in infrastructure in the region.

Name: Component II. Ibero-American Business Summit

Description: This component will support the organization of a one-day Business Summit, to be held in the city of Cartagena, Colombia which aims at opening a new opportunity of dialogue among business leaders, policy makers, and government officials to strengthen and upgrade the economic ties between LAC and the EU.

**IV. Budget**

**Indicative Budget**

<b>Activity/Component</b>	<b>IDB/Fund Funding</b>	<b>Counterpart Funding</b>	<b>Total Funding</b>
Component I. Knowledge Development to Take Action.	\$ 100,000.00	\$ 0.00	\$ 100,000.00
Component II. Ibero-American Business Summit	\$ 100,000.00	\$ 0.00	\$ 100,000.00

## **V. Executing agency and execution structure**

This operation will be executed by the Trade and Investment Unit of the Integration and Trade Sector (INT/TIU), in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2).

Two major reasons 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 of the member countries;

(ii) The Bank, through INT/TIN in particular, has gained invaluable know-how in the execution of international initiatives in partnership with the private sector in order to implement public-private dialogue forums and knowledge development projects, including 2007 and 2011 Korea–LAC, 2008 Asia–LAC, 2010 and 2013 China–LAC, 2013 JAPAN–LAC, Outsource2LAC 2011-2015, the 2012 & 2015 CEO Summit of the Americas (the first in Cartagena giving us knowledge of how to conduct such an event in that city and the budget required); and the 2014 LAC Global Summit.

## **VI. Project Risks and issues**

The success of the project will depend on a significant level of engagement and participation of the private sector representatives and government officials. To mitigate the risk, the Bank will execute an aggressive and extensive dissemination campaign and follow-up of the invitations to ensure that Ibero-American government officials and private sector leaders actively participate in the activities under Component I; engage IDB's country representatives, relevant stakeholders in the public and private sector to disseminate the activities under Components I and II; and use online tools such as ConnectAmericas to facilitate interaction and dissemination with the private sector.

## **VII. Environmental and Social Classification**

The ESG classification for this operation is [ c ]