

TC ABSTRACT

I. BASIC INFORMATION

▪ Country/Region:	Regional
▪ TC Name:	Capacity-Building Program on Integration – Phase III
▪ TC Number:	RG-T2572
▪ Team Leader/Members:	Matthew Shearer (Team Leader), Joaquim Tres (Alternate Team Leader), Álvaro García, Nadia Sánchez (INT/INT); Alejandro Ramos (INT/INTAL), Carlos Gerardo Molina, Josué Mendoza (KNL/INDES)
▪ Taxonomy:	Research & Dissemination
▪ Date of TC Abstract authorization:	December 16, 2014
▪ Beneficiary:	All IDB borrowing member countries
▪ Executing Agency	The Inter-American Development Bank (IDB), through the Integration and Trade Sector (INT/INT)
▪ Donors providing funding:	Regional Infrastructure Integration Fund (MFR)
▪ IDB Funding Requested:	US\$1,800,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period:	24 months (18-month execution period)
▪ Required start date:	February 1, 2015
▪ Types of consultants:	Individual consultants and firms, and regional or international organizations, depending on the activity
▪ Prepared by Unit:	INT/INT
▪ Unit of Disbursement Responsibility:	INT/INT
▪ TC Included in Country Strategy:	No
▪ TC included in CPD:	No
▪ GCI-9 Sector Priority:	Competitive Regional and Global Integration. Other GCI-9 sector priorities may be strengthened depending on the thematic area.

II. OBJECTIVES AND JUSTIFICATION

- 2.1 The goal of the project is to create and sustain a long-term and multi-sector critical mass of national expertise on integration through technical-level training, short-term policy advisory services, and support to project execution and monitoring. The specific objectives are: (i) to increase the understanding of how to operate regional and global integration through highly specialized training of government officials and private sector stakeholders related to the global and regional integration agenda¹; and (ii) to promote the exchange of knowledge and experiences, and create communities of practice on integration through collaborative learning to increase quality of integration project execution and support integration reforms.
- 2.2 The Report on the Ninth General Capital Increase of Resources of the Inter-American Development Bank (IDB) (AB-2764) (GCI-9), establishes that supporting global and regional integration is one of the Bank's five institutional strategic priorities, and proposes to increase lending to support regional cooperation and integration to 15 percent of the Bank's lending by the end of 2015.

¹ See 3.4 for further information on private sector stakeholders' participation.

- 2.3 Capacity-building is one of the non-financial instruments recommended in the new instrument compact of the Bank's Sector Strategy to Support Global and Regional Integration (GN-2565-4), and its corresponding Action Plan (GN-2653). The document creating the Regional Infrastructure Integration Fund (MFR) "Proposal for the Establishment of a Multi-Donor Fund to complement the FIRII: The Regional Infrastructure Integration Fund" (OP-590-1), sets forth "institutional strengthening activities with an emphasis on sustainable project execution capacity among local or regional organizations" as eligible for financing under the MFR as well as one of the 3 pillars of the Fund's Results Framework approved by donors in their first meeting.
- 2.4 The capacity-building activities on integration proposed in this document are thus consistent with and a priority of the GCI-9 Report, the Sector Strategy to Support Global and Regional Integration and its Action Plan and the multi-donor source of funding for its implementation. Also, this project represents the continuation of activities developed under prior MFR-funded technical cooperations "Capacity Building Program on Integration" (RG-T2265) and "Capacity Building Program on Integration – Phase II" (RG-T2465), the successful first and second phase of the Program.² During the Program's first two phases, there have been over 90 courses implemented, with approximately 5,400 applications and over 3,000 certified participants and 8 Communities of Practice have been established to provide continuous learning for certified participants through knowledge exchange.

III. DESCRIPTION OF COMPONENTS AND BUDGET

- 3.1 Project activities will include the development of content and the delivery of capacity building to support implementation and sustainability of integration projects, programs, processes and initiatives. The capacity building will be delivered to both, private and public sector actors in the region, including those involved in regional infrastructure platforms such as the Initiative for the Integration of Regional Infrastructure in South America (IIRSA)³ and *Proyecto Mesoamerica* (PM)⁴, and in the Caribbean⁵. The course titles and contents directly relate to the trade integration objectives and mandates of both integration platforms, as well as similar mandates for the Caribbean (AfT Regional Strategy for the Caribbean), such as International Transit of Merchandise (TIM), Coordinated Border Management, Implementation and Interoperability of Trade Single Windows, Adoption of Authorized Economic Operator Programs, Customs Risk Management, Customs Management and Leadership and Customs Strategic Planning, as well as Harmonization of the Rules of Origin in Preferential Trade, among other relevant trade topics consistent with the Bank's Integration Strategy (GN-2565-4). The actual target audience will consist of technical and executive level professionals from key national and regional

² The Program has been selected by SPD and EXR to highlight high development impact and development effectiveness for 2014 in their DEO Report.

³ The [Initiative for the Integration of Regional Infrastructure in South America](#) (IIRSA) is the Technical Forum for South American physical integration planning issues of the South American Infrastructure and Planning Council (COSIPLAN), under the Union of South American Nations (UNASUR).

⁴ The "*Proyecto Mesoamerica*", previously known as "*Plan Puebla-Panamá*", is a cooperation initiative among ten countries (Belize, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Panama) to facilitate funding and implementation of regional integration projects through infrastructure, connectivity, and social development. Central American training activities will be coordinated with the Proyecto Mesoamerica in order to ensure consistency with sub-regional needs and with developments in the sub-region's trade and infrastructure integration process.

⁵ For activities that are actually performed in beneficiary countries, the Bank will obtain the non-objection of the authorities of the country in which territory such activities will take place.

organizations for the implementation of integration policy and investments, such as ministries of trade, industry, agriculture, transport, energy, finance, customs, quarantine, migration or export and transport associations, chambers of commerce, etc. This project consists of four components:

- 3.2 **Component 1: Developing content on global and regional integration (US\$350,000).** This component consists of developing or updating content for online tutored courses based on applied research on the costs and benefits of integration, regional policy dialogues, formal training needs assessments and evaluations from the courses carried out under [RG-T2265](#) and [RG-T2465](#), the first and second phases of the Program. Similarly, courses designed to train tutors in the aforementioned topics will be developed and implemented as needed by the Inter-American Institute for Economic and Social Development of the Knowledge and Learning Sector (KNL/INDES). Courses on other topics will be prioritized according to client demand and the Bank's operational agenda. The Bank will also continue to mainstream gender in relevant courses of its Capacity Building Program on Integration to strategically introduce gender issues at the core of the customs reform agenda. Additionally, materials will be updated to reflect commitments undertaken in the framework of the Agreement on Trade Facilitation of the Ninth WTO Ministerial Conference in Bali (December, 2013) and its aftermath.
- 3.3 The instructional content is based on participants' needs assessments expressed in questionnaires, integration policy dialogues, the Annual Meeting of the Program's focal points in client countries and by integration and infrastructure specialists' continuous dialogue with clients. Trainers/facilitators responsible for developing the content will be experts identified by INT/INT and always in coordination with other Bank units relevant to the topic. The trainers/facilitators will be virtually trained by the training providers, be it KNL/INDES or outside contractors, using a jointly developed online program in online methods to learn to design the training activities that ensure participants' knowledge acquisition, and promote dialogue, collaboration, and exchange of experiences and knowledge among participants. Currently, KNL/INDES certifies all tutors that deliver e-learning courses of the Program. In the first and second phases of the Program, 100+ tutors were trained and certified by KNL/INDES.
- 3.4 The materials produced for these online courses can be reused – with some modifications – in other areas or instances of capacity building on integration, i.e., Massive Open Online Courses (MOOCs) that are available for mass training for private sector operators and users of new integration procedures such as rules of origin in preferential trade, single windows, TIM, etc.; future training courses carried out by the Bank or other regional and sub-regional entities (either face-to-face or online), and in support of other knowledge-sharing activities. While the public sector participants all belong to national and regional integration entities such as Customs Administrations, Trade and Agriculture Departments and Trade Promotion and Investment Attraction Organizations (TPOs) among others, the identification of private sector stakeholders is carried out through Chambers of Commerce and sector organizations. Private sector stakeholders will be targeted through a specific campaign to promote MOOCs (14 hours) offered by the IDB's ConnectAmericas Platform⁶. In the case of trade promotion and investment attraction training, it will be mainly targeted to Small and Medium Sized Enterprises (SMEs) and are being identified through Trade Promotion Organizations, Chambers of Commerce and sector

⁶ ConnectAmericas is the first online community of companies in Latin America and the Caribbean (LAC) dedicated to international trade and investment. The LEARN pillar of ConnectAmericas will include MOOCs on integration and trade topics. <http://connectamericas.com/>

organizations. In rules of origin, which are insufficiently understood by small and medium-sized enterprises (SMEs), private sector stakeholders are also identified through private sector organizations as well as customs administrations.

- 3.5 **Component 2: Delivering online tutored courses on integration (US\$935,000).** This component consists of delivering online tutored courses to government officials and private sector stakeholders in the areas outlined in 3.6 below. This online tutored modality is deemed to be the best cost-effective for targeting an extensive number of candidates who are geographically dispersed while providing opportunities to form networks with tutor facilitation and through collaborative activities during the course, since integration reform and investments require building international social capital among implementers.
- 3.6 The proposed topics will also support the implementation of integration projects carried out by countries, often through Bank lending and grants, and focus mainly on: (i) Trade Facilitation, Security and Customs (including but not limited to: Electronic Single Window for Foreign Trade, Authorized Economic Operator – AEO, International Transit of Merchandise – TIM, Coordinated Border Management – CBM, Customs Management and Leadership, Customs Strategic Planning, Customs and Risk Management, Trade Facilitation in the Bali Declaration); (ii) Innovation in Trade Policy and Implementation of Trade Agreements (including but not limited to: Rules of Origin, Trade and Climate Change, Trade Dispute Settlement, International Trade and Intellectual Property, Sanitary and Phytosanitary Standards, Implementation of Trade Agreements); (iii) Export Promotion and Investment Attraction (including but not limited to: SME Internationalization in the Food Sector, SME Internationalization in the Services Sector, Impact Measurement Tools for Export Promotion and Investment Attraction Agencies- e-Commerce); and (iv) Physical Integration (including but not limited to: Trade Logistics, Broadband as a Catalyst for Economic Development and Social Inclusion and Energy Integration).
- 3.7 The courses will be delivered in the modality of either regional or national courses. The regional online training courses are organized in modules, each equivalent to one tuition week that involves a commitment of 15 hours per participant. Demand for regional courses will be identified based on applied research on the costs and benefits of integration, regional policy dialogues, formal training needs assessments, the Annual Meeting of the Program’s focal points in client countries and evaluations from the courses carried out under [RG-T2265](#) and [RG-T2465](#), dialogue with Capacity Building Heads of client institutions and from the activities of the Communities of Practice. National courses will be scheduled upon specific institutional demands. Each tutored, collaborative and interactive course will be imparted between six and nine weeks. Participants’ knowledge will be evaluated through a training platform and assessed by trainers/facilitators at the beginning and at the end of the course to measure learning through tests and assessed work assignments. Given its experience in developing and delivering online integration courses for the Bank as well as Bank partners, its appropriate methodology, and broad and deep experience in the region, the Economic and Technological Development Distance Learning Centre Foundation (CEDDET), will be selected to deliver the courses (see Section IV).
- 3.8 **Component 3: Innovation in Capacity Building (US\$300,000).** This component consists of capacity building innovation through the development of several initiatives, according to the most recent research and eLearning experiences worldwide. Based on Open University innovation programs (that involve pre-recorded lectures and materials that can be accessed by

students in their own time), MOOCs and Small Private Online Courses (SPOCs) will continue to be developed to be made available in platforms such as ConnectAmericas (IDB) and the IDBx Platform (alliance with UC-Berkeley, Texas, Harvard Universities and the Massachusetts Institute of Technology), among others. In that sense, this component will adapt materials of Component 1 to the video-based methodology required by IDBx, MOOCs and SPOCs, coordinated and led in the Bank by KNL/INDES. MOOCs will target the private sector, in particular SMEs on topics that they can benefit from. Demand for MOOCs will be determined by topics that provide incentives for SMEs in terms of savings (time, money) through the appropriate knowledge and subsequent ability to become users of trade facilitation systems. As for the dissemination of MOOCs, the team will carry out broad dissemination campaigns in the different platforms that will support the MOOCs, but also targeted promotion will take place depending on the topic. Communities of practice will also continue to be established to ensure continuous learning and exchange of experiences and the creation of a dedicated space to build strong networks on the topics such as Single Windows, TIM, Rules of Origin, CBM, AEO and Risk Management in Customs, among participants across the region. Additionally, an annual workshop will be held to convene the heads of capacity building of the beneficiary agencies of the Program. In 2014, the first workshop was held on November 3-5, 2014 in Miami, USA, gathering 45+ heads of capacity building, achieving 100% of participant satisfaction and compiling key recommendations for improvements to both the Program’s curriculum and its impact assessment.

3.9 **Component 4: Program Coordination and Monitoring (US\$250,000).** This component will finance the overall supervision and coordination of the Program, including the monitoring of the whole process of design and delivery of online courses on integration, managing relationships among providers and with the Program’s partners, and providing expertise in the development of innovative solutions to Capacity Building⁷.

TABLE III.1 INDICATIVE RESULTS MATRIX

Result	Indicator	Baseline Q1 2015	Target Q2 2016	Data Source
Intermediate: Strengthened institutional capacities to implement and participate in integration interventions and in cross-border and regional infrastructure initiatives	# of institutional units, whose personnel are capable of implementing integration programs, projects and processes (Single Windows, TIM, etc.)	65	75	List of participants
Immediate: Improved knowledge and skills among individuals involved in cross-border and regional infrastructure initiatives	# of professionals successfully trained (receiving a certificate) (disaggregated by sex)	900 (50% are women)	1,960 (50% are women)	Examinations at the end of courses
Output: Training delivered to individuals involved in cross-border and regional infrastructure initiatives	# of professionals who received training (disaggregated by sex)	3,000 (50% are women)	4,280 (50% are women)	List of participants
Activity: Developing content on global and regional integration Delivering online tutored courses on integration Innovation in Capacity Building	# of new courses developed, adjusted and/or translated # of online courses delivered # of MOOCs developed/Implemented # of CoP developed	25 90 4 6	30 122 6 8	INT-INTAL-KNL Program files

⁷ Continuation of current Program Coordinators.

3.10 The total amount of this TC is US\$1,800,000, financed with resources from the Regional Infrastructure Integration Fund (MFR).

TABLE III.2 INDICATIVE BUDGET (US\$)

Activity/ Component	Description	IDB Funding	Count erpart	Total Funding
Component 1	Developing content on integration	350,000	0	350,000
	8 new courses developed	350,000	0	350,000
Component 2	Delivering online tutored courses on integration	935,000	0	935,000
	31 courses implemented, tutor fees, virtualization	900,000	0	900,000
Component 3	Innovation in Capacity Building	265,000	0	265,000
	EdX MOOCs design and creation	30,000	0	30,000
	8 Communities of Practice (facilitators)	80,000	0	80,000
	Communities of Practice Dynamization	55,000	0	55,000
	Annual workshop with heads of capacity building	100,000	0	100,000
Component 4	Program Coordination and Monitoring	250,000	0	250,000
	Coordination	250,000	0	250,000
	TOTAL	1, 800,000	0	1, 800,000

- 3.11 The supervision arrangements of the TC will be as follows: INT/INT will provide the technical expertise on integration, trade and investment –with strategic partnerships such as the World Customs Organization (WCO), the World Trade Organization (WTO)⁸, among others– and KNL/INDES will provide oversight to ensure the methodologies used to design, implement and evaluate the proposed courses are up to the standards required by the institute’s accreditation. The courses will be included in the portfolio of accredited courses offered by the Bank through KNL/INDES. Considering the Bank has the experience and technical expertise required to ensure the quality of the outputs and outcomes of the project, resources from this TC will finance Bank staff travel to provide technical assistance according to the Bank’s Policy on Technical Cooperation (GN-2470-2). Specifically, the TC will finance travel for a limited number of INT/INT, KNL/INDES and other Bank specialists to contribute with technical expertise and transfer knowledge in their areas of expertise in the workshops, specific events and face-to-face courses contemplated in this TC. Funds allocated to staff travel will not exceed US\$50,000.
- 3.12 Bank staff will monitor and evaluate the program by means of participants’ evaluations of the online courses and the level of participation in, and results of, the examinations.

IV. EXECUTION STRUCTURE

- 4.1 The Bank, through the Integration and Trade Sector (INT/INT), will be the executing agency for this project. INT/INT will be responsible for the overall execution and supervision of the project in close coordination with KNL/INDES. INT/INT and KNL/INDES with support from current individual consultants and contractors will operate as executing units according to their respective capacities and experience. Two main reasons justify the execution of this project by the Bank: (i) this is a regional project that involves the coordination of public sector (and relevant private sector) participants from countries across the region, and the Bank is ideally

⁸ In the case of the WCO, WTO, and the sub regional entities, the collaboration is expected to involve tutor proposals and content review of the courses, and does not anticipate counterpart financial resources. Nevertheless, taking into account the level of participation of these organizations, the Bank has obtained letters of agreement, memoranda of understanding, or other written commitments with these entities as a special execution condition.

situated to serve as a regional coordinator; and (ii) the project seeks consistency with the Bank's GCI-9 priorities and operational program, and Bank specialists are in the best position to ensure this.

- 4.2 In order to ensure methodological coherence with prior Bank capacity building interventions in regional integration⁹ and the continuity of the successful execution of the Program during 2015, it is expected that the content development and delivery of the courses for LAC countries financed by this TC will be implemented by CEDDET¹⁰, with direct supervision from INT/INT and KNL/INDES. Given CEDDET's overall qualifications in capacity building in the region and its experience and methodology in developing and delivering online courses for the Bank prior and during the execution of RG-T2265 and RG-T2465¹¹, the project team recommends the approval of a single source contract with CEDDET in accordance with the Bank's Corporate Procurement Policies (GN-2303-20), as it has experience and a tailored methodology of exceptional worth for this assignment, which has allowed for recent improvements in efficiency and overall costs of the delivery of online tutored courses¹². Dropping CEDDET at the beginning of 2015 would compromise the delivery, quality, meeting the corresponding GCI-9 targets, branding and overall cost execution of the Program; therefore it is recommended that CEDDET remains the main external provider during the 2015 phase of the Program.
- 4.3 The Bank will hire consulting and non-consulting services (individuals and firms) in accordance with current policies and procedures (see Annex II – Procurement Plan).

⁹ Since 2011, more than forty (40) online training courses delivered by the IDB have been implemented by CEDDET.

¹⁰ CEDDET is a non-profit entity fostering cooperation, created by the Spanish Ministry of Economy and Finance in 2001. CEDDET has trained over 13,000 participants from LAC through more than 478 online training courses, 142 seminars and 20 Communities of Practice and has recently been tasked to develop MERCOSUR's Virtual Institute. The Bank's experience and partnership with CEDDET dates from 2011 when, following an internal competitive process, SICA contracted CEDDET to develop the two first editions of the "Customs Leadership" and "Strategic Planning in Customs" courses, financed by SICA with resources from the Spanish Aid Agency (AECID), with the collaboration of the Bank and WCO for the tasks of tutor identification and design of course materials. Following the successful execution of these first two courses, the Bank selected CEDDET through a single sourcing process to deliver the first edition of the "Single Window of Foreign Trade" course in collaboration with SICA. Subsequently, the IDB launched a separate competitive process to select a firm to design and implement the first editions of two online training courses: "International Customs Transfer for Merchandise-TIM" and "E-Commerce". CEDDET was awarded the contract based on both the technical merit of its proposal and by submitting the most competitive price proposal of the bidders participating in the selection process. Results for both experiences with CEDDET showed the partnership was highly successful in delivering effective capacity building in LAC.

¹¹ In 2013, the Bank hired CEDDET through sole sourcing to deliver online training courses in the framework of its Program, funded by RG-T2265 and RG-T2465. Under Contracts C0072-13 and C0169-14, CEDDET successfully delivered 70+ courses on behalf of the IDB. This experience allowed for improvements in efficiency and overall costs of the delivery of online tutored courses by CEDDET during both 2013 and 2014.

¹² Under the framework contract C0072-13, the Bank explored new contract rates with CEDDET, resulting in a 15% discounted price for (2) week courses, 13% for four (4) week courses and 12% for six (6) week courses on one hand, and a 20% reduction in tutor fees for second edition courses on the other hand. Additionally, improvements in the efficiency such as agile project management tools, a better course dissemination strategy, and the implementation of operational improvements were identified in order to decrease marginal and transactional costs of the Program in its 2014 execution.

V. MAJOR ISSUES

- 5.1 The main risk foreseen for this project would be that the capacity building provided to participants would not be applied by individuals who have been trained, either by omission, or by the individuals leaving the organization for which they were originally trained. To mitigate this risk, this project will promote the design and implementation of online training courses in areas where the Bank is implementing integration projects to strengthen participants' capacities for better project execution and reforms and also provide them with the competences to transfer and share their knowledge and experiences with other professionals in their institutions. The establishment of communities of practice will also contribute to continuous learning and application of the knowledge developed in the courses. Another potential risk would be that bureaucratic or political reasons would significantly slow down project performance. However, regarding national courses, these are directly requested by national institutions, therefore no major delays occur. For regional courses, even if overall coordination is more complex, by involving and directly engaging the Directors of each national participating institution in candidate identification, active participation is ensured. Additionally, the firm hired to execute the project will carry out a thorough follow up of candidates, ensuring course timelines are followed.
- 5.2 The sustainability of the Program will be ensured in three different ways: (i) the team will continue to study the possibility of franchising IDB-developed courses to its clients in the region (custom agencies, public ministries, etc.) in order to be delivered to their employees; (ii) the team has already advanced dialogue with four large customs clients to allow content to be hosted in their platforms but is awaiting for the legal agreements to be proposed to the IDB (iii) the team will make sure tutor selection is based on objective criteria such as overall performance in the course, the passing of the KNL/INDES certification and exceptional interest in the relevant topic, which will ensure that regardless of the position the tutor may hold in a specific public agency, s/he will be able to perform as tutor; and (iv) the team performs final evaluations after each course, in which the need for modifications in course materials is considered. In addition, prior to the beginning of second or later edition courses, the need to adapt materials from the prior edition is assessed by the course director and the tutor.

VI. EXCEPTIONS TO BANK POLICY

- 6.1 This TC does not involve any exceptions to the Bank's policies.

VII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 7.1 Based on the Environment and Safeguards Compliance Policy (OP-703), this TC was classified as category "C" (see the Safeguard Policy Filter Report and the Safeguard Screening Form).