

## TC ABSTRACT

### I. BASIC PROJECT DATA

▪ Country/Region:	Regional
▪ TC Name:	ConnectAmericas Platform Technology Enhancement
▪ TC Number:	RG-T2578
▪ Team Leader/Members:	Ady Beitler, Team Leader (INT/TIU), Oscar Vasco (INT/INT), Joaquin Tres (INT/INT) Francisco Estrazulas (INT/TIU), Daniel Hincapie (ORP/ORP)
▪ 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:	N/A
▪ Reference to Request: (IDB docs #)	N/A
▪ Date of TC Document:	January 9, 2015
▪ Beneficiary:	Small and medium enterprises, trade promotion organization, business associations and companies from IDB Latin American and Caribbean countries.
▪ Donors Providing Funds	Fund for the Financing of Technical Cooperation for Regional Infrastructure Projects
▪ Executing Agency and contact name:	The Inter-American Development Bank (IDB), through the Trade and Investment Unit (INT/TIU).
▪ IDB Funding Requested:	US\$ 1,150,000
▪ Local counterpart funding, if any:	N/A at this time but may be available later
▪ Disbursement period:	18 months
▪ Required start date:	February 1, 2014
▪ Types of consultants:	Firms and individuals
▪ Prepared by Unit:	Trade and Investment Unit (INT/TIU)
▪ Unit of Disbursement Responsibility:	Trade and Investment Unit (INT/TIU)
▪ Included in Country Strategy (y/n);	No
▪ TC included in CPD (y/n):	
▪ GCI-9 Sector Priority:	Competitive Regional and Global Integration

## II. OBJECTIVE AND JUSTIFICATION

1. ConnectAmericas (CA) is a trade and integration facilitation infrastructure sponsored by the IDB that offers SMEs from Latin America and the Caribbean (LAC) an online platform where they can establish business links with clients, suppliers and investors from the rest of the region and the world; access relevant information and training tools to make international trade transactions simpler and less costly; and obtain information about trade finance opportunities. Such an infrastructure promotes integration from and for the private sector, allowing SMEs to move from the margins to the mainstream of international value chains.
2. CA is being developed and launched in a very favorable context thanks to the solid growth of intra-regional trade and investment in LAC, and the increased use of technology and Internet tools by SMEs. In fact, LAC is experiencing solid growth in trade and investment (in the last decade intra-regional trade grew more than tenfold). But although the vast majority of companies in the region are SMEs (at least 3.7 million with 5 employees or more)<sup>1</sup> they only account for 13% of LAC exports. This scenario provides powerful reasons to deepen the integration efforts and overcome the barriers that SMEs are facing when they attempt to integrate into regional and global markets. Finally, SMEs in LAC are taking more and more advantage of the possibilities opened by the Internet. A recent study by ComScore showed that Internet usage reached 176M people in the region, representing 10% of the worldwide audience, and an increase of 17% with respect to 2013%.<sup>2</sup>
3. CA was launched on March 28, 2014 at the IDB Annual Meeting in Brazil. As of this date, it has received almost 150,000 unique visitors and 18,500 businessmen and businesswomen have signed up to its matchmaking services so far. It offers users the following features:
  - a) Connect: CA allows users to see and contact registered companies from all over the region and the world, and become part of communities segmented by industry. The two principal aspects of this tool are its transparency and trustworthiness, insofar as all companies are subject to a verification process and to the ratings and reviews from other users.
  - b) Learn: CA offers innovative solutions in learning tools, including: 12 massive online open courses about strategic aspects of international trade; business intelligence simulators, with information of tariffs and commercial preferences in the region; more than 500 pieces of journalistic content produced by our editorial team and dozens of partners across the region – including trade promotion organizations and business chambers; and videos with user-generated testimonials.

---

<sup>1</sup> Moreno, La Década de América Latina (2012)

<sup>2</sup> <http://www.comscore.com/lat/Insights/Presentations-and-Whitepapers/2014/2014-LATAM-Digital-Future-in-Focus>

- c) Finance: CA offers users information about funding or technical assistance opportunities to improve their export capacity. This includes, among others, information on the lines of credit offered by local banks in the region under the Inter-American Development Bank's (IDB) Trade Finance Facilitation Program, and other financial services and technical assistance provided by the IDB Group to the SMEs, including: direct financial and technical assistance by the Inter-American Investment Corporation and government programs funded by public sector windows of the IDB.
4. In sum, CA is a new generation of integration infrastructure that uses the Internet to replicate the physical marketplace whereby producers and buyers meet and exchange goods and services for profit. It is an infrastructure of the 21<sup>st</sup> Century that enables SMEs participate in regional and global value chains.
  5. The design and development of ConnectAmericas is being funded by a variety of resources and operations, including funding from the FIRII (RG-T2554; RG-T2361; RG-T2359; RG-T2241; RG-T2304; RG-M1218; RG-T2448).
  6. This operation is intended to continue supporting the development of the platform by way of improving its core services offer, based on the feedback generated by users during 2014.
  7. The objectives and activities of the operation correspond to the Bank's Strategy for Global and Regional Integration (GN-2565-4-2, GN-2470-2) as it will facilitate regional commerce and promote the internationalization of SMEs, thereby increasing the demand for trade-related infrastructure (e.g. transportation and customs).
  8. In addition, this operation is consistent with the scope of the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) (GN-2344-8) because the program will contribute to the development of a commerce facilitation infrastructure platform that is expected to increase the demand for trade-related infrastructure. In this sense, the operation is consistent with the objectives of the FIRII as expressed in Paragraph 3.13 of the Fund's bylaws: *"the expected outcome of the Integration Fund is to help the countries in the preparation of good integration projects including the economic, social and environmental perspectives. This, in turn, will have a positive impact in the sustained development of the region, and help attract to the pipeline of the Bank good infrastructure operations."*

### **III. DESCRIPTION OF ACTIVITIES AND OUTPUTS**

1. **Component I. Online Matchmaking.** This component will support improvements to the ConnectAmericas matchmaking tool, whereby users are recommended to connect with potential clients, suppliers or investors with compatible business interests (e.g. importers and exporters of the same product or industry). This tool is based on a proprietary

algorithm developed by the project team, that we are now seeking to improve to include additional specifications and relationships, including:

- a. Recommendations based on user activity (e.g. the pages they visit in and outside the site) in addition to static recommendations (i.e. based on the information completed in user profiles).
  - b. Recommendations to crowdsource purchase orders (e.g. big companies looking for production levels that one SME alone may not be able to fulfill) and crowdsource logistics processes (e.g. sharing idle space in ground transportation vehicles).
  - c. Automated verification and integration with third parties. These include the possibility to utilize a verification awarded by ConnectAmericas as a valid tool to become part of other marketplaces, such as Alibaba.com, and the development of tools for TPOs to verify companies in the website (i.e. attest that a certain company is a member of the TPO, thereby encouraging trust before other users).
2. These improvements are expected to assist users in finding potential clients, suppliers or investors more easily and with higher returns, taking advantage of the possibilities opened by technology in the sharing economy.
  3. **Component II. ConnectAmericas Academy.** This component seeks to continue supporting the production of learning materials in its various formats – online courses, videos, tutorials and interactive databases – and will seek to develop new tools so that our contributors can upload, aggregate and manage their content themselves.
  4. With respect to the production of new content, we expect to continue producing original articles on international trade topics and to develop at least three courses on how SMEs can effectively use information technology to grow their businesses, including digital marketing, e-commerce and basic software coding.
  5. With respect to the update of the content management system, we will empower the more than 50 trade promotion organizations from the LAC region and the rest of the world who regularly contribute valuable content to the community, and will provide them with tools to upload and edit the content themselves. In addition, this effort will be accompanied with an outreach campaign to business schools in the Americas, to incentivize them to contribute content and manage communities within the site as well.
  6. By allowing trade promotion organizations and universities to create “content editor” accounts, we expect to significantly increase our content offering while at the same time decrease our administrative costs associated with producing the content published on the site, thereby improving our operational efficiency and sustainability.

7. Finally, we will attempt to make all the videos on the site accessible to hearing-impaired users, by adding subtitles and/or automatic sign language translation software to each of them.
8. **Component III. Dissemination.** This component will support the dissemination efforts of the platform, which is conducted through our partners at the trade promotion organizations across the region and the world. The innovation that we seek to implement through this component is the development of “white labels”, that is, replications of the ConnectAmericas website specifically customized for our TPOs so that they, in turn, can embed ConnectAmericas in their own websites and customize it to their own look-and-feel.

#### **IV. INDICATIVE BUDGET**

9. **Component I. Online Matchmaking (\$450,000).** Activities to be financed under this component include consulting services to: design the technical requirements for each of the new online matchmaking features; design the user experience and digital graphics; and coding/implementation of the features.
10. **Component II. ConnectAmericas Academy (\$350,000).** Activities to be financed under this component include consulting services to: produce the content for the new online courses on information technology topics; edit and translate new content pieces produced by the editorial team; design the technical requirements for the creation of content editor accounts for TPOs; and coding/implementation of the features.
11. **Component III. Dissemination (\$300,000).** Activities to be financed under this component include consulting services to: produce the advertising contents and disseminate them across trade promotion organizations; design the technical requirements for the creation of “white labels” for TPOs’ websites; and coding/implementation of the white labelling features.
12. **Monitoring and Evaluation (\$50,000).**

#### **V. EXECUTING AGENCY AND EXECUTION STRUCTURE**

1. This operation will be executed by the Trade and Investment Unit of the Integration and Trade Sector of the Inter-American Development Bank, in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2). There are two main reasons that justify the execution of the project by the Bank. First, 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 countries. Second, the Bank, through the Integration and Trade Sector in particular, has gained invaluable know-how in the execution of international trade and investment promotion

activities, particularly ConnectAmericas, which has been managed by TIU since its inception in 2013.

2. For the contracting of consulting firms and other services different to consulting the project team will follow the Bank's Corporate Procurement Policy and procedures (GN-2303-20); and in the case of individual consultants, the Human Resources selection procedures (AM-650).
3. INT/TIU will have the principal responsibility for the technical aspects of the project as well as the responsibility for disbursements and basic administration.

## **VI. PROJECT RISKS AND ISSUES**

1. The success of the project will depend on a significant level of engagement and participation of users and relevant stakeholders, including the trade promotion agencies of the countries where ConnectAmericas operates. The operation will mitigate the risk by engaging these users and stakeholders in the activities from the start of the TC and through an intensive promotion strategy during the preparation of the Components.

## **VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION**

1. This operation does not present environmental and social risks as it is an international trade infrastructure that is based on the Internet. It was classified as Category C in the Environmental and Screening Classification.