

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	K-LAC Innovation Forum 2023
▪ TC Number:	RG-T4309
▪ Team Leader/Members:	BARRON, ITZEL (INT/INT) Team Leader; KIM, BAEKJIN (INT/TIN); NAVARRO ARAMAYO, CHRISTIAN FERNANDO; ESTEVES, YASMIN (INT/INT); MARIA LOCANO (INT/INT); STENERI, PABLO (INT/INT)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	30 Mar 2023
▪ Beneficiary:	Clients of IDB, potential new clients in LAC
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$1,000,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INT/TIN - Trade & Investment
▪ Unit of Disbursement Responsibility:	INT/INT - Integration and Trade Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation

II. Objective and Justification

- 2.1 This technical cooperation (TC) is aimed to facilitate sustainable digital transformation in the Latin American and the Caribbean (LAC) region through cooperation and collaboration to foster and increase trade and investment opportunities between the Korean and LAC. To achieve this goal, this TC aims to: (i) share experiences, technologies, and solutions in terms of sustainable digital transformation; (ii) build business opportunities and partnerships between the Korean and LAC private sectors; (iii) identify potential clients for collaboration opportunities with the IDB Group.
- 2.2 Since 1990, bilateral trade has expanded at an 11.5% annual rate to an all-time high of \$57 billion in 2021. In fact, trade between Korea and the LAC region declined significantly in 2020 due to COVID-19, however, it has been recovering since 2021. Korea's investment in the LAC market is the largest in the manufacturing industry. In particular, Korean companies are contributing to local job creation and high-quality human resources by investing in LAC countries, focusing on high-tech industries such as automobiles, home appliances, and mobile phones. 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 earlier in 2021. Also, Korea is seeking to join the Pacific Alliance (PA) as an associate member, Korea and Mexico agreed to initiate FTA negotiations (2021), the Korea-MERCOSUR trade agreement (TA) is under negotiation, and Korea-Ecuador is negotiating a strategic economic cooperation agreement.

Over the past 60 years, Korea and the LAC region have been partners for common prosperity and have been working closely together to respond to the recent crisis caused by COVID-19. Particularly, in 2022, various events were held to commemorate the 60th anniversary of diplomatic ties between Korea and 15 Latin American countries such as forum commemorating the 60th anniversary of diplomatic ties between Korea and Latin America (May), future cooperation forum between Korea and Latin America (July), Korea-LAC business summit (September), special roundtable between Korea and Central America (November), and Korea-Caribbean High-Level Forum (November).

During the Korea-LAC Business Summit in 2022, the Korean government proposed to hold the K-LAC Innovation Forum to bolster private sector exchanges between Korea and LAC region considering the importance of the private sector's role in the sustainable development of LAC countries and the high demand to learn from Korea's experience and leadership regarding digital transformation technologies. In November 2022, the IDB group and Korea agreed to implement this Forum in 2023. The Bank has successfully organized numerous activities focused on promoting bilateral exchange and investment between Korea and LAC, including training seminars, site visits, dissemination events and business matchmaking. These activities have proven to be successful initiatives in strengthening cooperation and collaboration between them. Specifically, the 6th Korea-LAC Business Summit, held in 2022, led to the following results: (i) 760 individuals from Korea-LAC participated in the Business Forum and thematical workshops; (ii) 35 LAC companies and 39 Korean companies joined to business meeting session; (iii) 16 Korean and LAC start-up companies presented to the pitching day to obtain investment opportunities from 18 venture capitals in Korea and LAC. Korea has financed a variety of IDB initiatives since joining the IDB Group in 2005, including poverty alleviation programs, the development of micro, small and medium-sized companies (MSMEs) in LAC, and knowledge-sharing programs, among others.

III. Description of Activities and Outputs

- 3.1 **Component I: Component 1. K-LAC Innovation Forum.** 2.5 days innovation forum will be held in Mexico, preliminarily in October 2023. The project team will develop adaptive scenario planning and implementation roadmaps to reduce any alteration to the programming and ensure the highest quality in implementing the activities. The Forum can be a platform to build business and investment opportunities supported by IDB Invest between Korea and the private sector of the LAC region and increase the scope for cooperation in the post-pandemic context.
- 3.2 **Component II: Component 2. Outreach & Dissemination.** Communications are instrumental to promote this forum and encourage participation. Roadshows will be held in Korea and LAC to socialize this activity and drive interest. Sponsorship opportunities for IT-related multinational companies would be considered. Forum webpage to disseminate knowledge products for Korean and LAC companies. Social media marketing strategy will be implemented, forum sessions and tracks will be live-streamed. Online platform or community to share business information

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1. K-LAC Innovation Forum	US\$900,000.00	US\$0.00	US\$900,000.00
Component 2. Outreach & Dissemination	US\$100,000.00	US\$0.00	US\$100,000.00
Total	US\$1,000,000.00	US\$0.00	US\$1,000,000.00

V. Executing Agency and Execution Structure

- 5.1 This project will be executed by IDB's Trade and Investment Division (INT/TIN) in close collaboration with IDB Invest and IDB Lab.
- 5.2 This TC will be executed by the Bank for the following reasons: This is a regional project that involves coordination with several regional public and private sector stakeholders, and the Bank is positioned as an ideal actor to execute this project, given its presence in every country. INT/TIN has gained invaluable know-how in the execution of Asia-LAC initiatives, including five editions of the Korea-LAC Business Forum: 2007 (RS-T1360) RG-T2025), 2011 (RG-T 2025), 2015 (RG-T2533), 2017 (RG-T3048), 2019 (RG-T 3485), and 2022 (RG-T 3913), which aimed to create more bilateral trade and investment opportunities between Korea and LAC countries. The Division possesses both the adequate team and expertise to successfully prepare and execute this activity. The project team will closely collaborate with its local partners recommended by the Ministry of Economy and Finance of Korea, which are the Export-Import Bank of Korea and 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, through its 11 regional offices based throughout LAC, will provide support by assisting in the selection of relevant exporters from LAC to attend the summit and participate in the B2B one to one matchmaking activity.

VI. Project Risks and Issues

- 6.1 As an AS-C project, this project is low risk

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".