

## Technical Cooperation Document

### I. BASIC INFORMATION

▪ Country/Region:	Regional
▪ TC Name:	China-LAC Knowledge and Policy Exchange Initiative (KPEI)
▪ TC Number:	RG-T2665
▪ Team Leader/Members:	Roberto Manrique (Team Leader, IFD/IFD); Joaquin Tres (Alternate Team Leader, INT/INT); Jianjun Xu (Alternate Team Leader, ORP/ORP); Fan Li (ORP/ORP); Blanca Torrico (IFD/CTI); Tomas Serebrisky (INE/INE); Frederico Guanais (SPH/CPE); and Sofia Greco (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Date of TC Abstract authorization:	June 1, 2015
▪ Beneficiary:	Public sector institutions from all IDB borrowing member countries
▪ Executing Agency and contact name (Organization or entity responsible for executing the TC Program)	Inter-American Development Bank (IDB), through the Institutions for Development Sector (IFD/IFD)
▪ Donors providing funding:	Institutional Capacity Strengthening Fund (ICSF)
▪ IDB Funding Requested:	US\$500,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	November, 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
▪ TC Included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ GCI-9 Sector Priorities:	Social policy for equity and productivity. Infrastructure for competitiveness and social welfare. Institution for growth and social welfare. Competitive regional and global international integration. Protect the environment, respond to climate change and enhance food security.

### II. OBJECTIVES AND JUSTIFICATION

- 2.1 The general objective of this project is to promote deeper and broader sharing and exchange of knowledge between China and the countries of 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.<sup>1</sup>
- 2.2 The specific objectives of the project are:
- (a) Facilitate knowledge-sharing and best-practice sharing between China and LAC countries through joint research, scholarly exchanges, and knowledge events;

<sup>1</sup> IDB's Ninth General Increase in the Resources of the Inter-American Development Bank (AB-2764) (GCI-9).

- (b) Strengthen public policy design and technical capacity through dialogue between government officials and technical specialists in the areas of:
    - (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, which are key to support the social and economic development in the LAC region;
  - (c) Promote development and economic opportunities for LAC countries in China.
- 2.3 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 and has free trade agreements (FTAs) in force with Chile, Costa Rica and Peru. 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 shared development prospects 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) and the generation of Trans-Pacific Public Goods where a coordinated effort to address common development challenges will add value to national interventions.
- 2.4 China joined the Inter-American Development Bank (IDB) as the Bank's 48<sup>th</sup> 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, and promote greater participation and inclusion of civil society and the private sector in shaping government policies and programs in LAC.
- 2.5 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)<sup>2</sup> builds upon an ongoing collaboration between the institutions. This five year plan sets 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.
- 2.6 The current partnership between China and the IDB has had concrete and positive results for LAC countries. In March 2011 the Bank approved the

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<sup>2</sup> 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.

**China-IDB Exchange and Scholarship Program project (RG-T1973)**, with the aim of promoting and deepening economic relations, intensifying cultural and academic exchanges and increasing knowledge sharing between China and LAC countries.<sup>3</sup> 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; and the **Second Latin America and China Policy and Knowledge Summit on Leadership and Capacity Building for Public Sector Executives**, which was held in China in September, 2015. A third summit is expected to take place in a LAC country in 2016. Both projects, RG-T1973 and RG-T2290, were financed with ICSF resources.

- 2.7 The proposed Knowledge and Policy Exchange Initiative (KPEI) 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 Memorandum of Understanding (MoU) signed at the Bank's 2015 Annual Meeting in Busan. 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.
- 2.8 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. The project is also aligned with all sector priorities under the Ninth General Increase in the Resources of the Inter-American Development Bank (AB-2764) (GCI-9). Future technical cooperations that finance exchange programs under this framework will be subject to the availability of ICSF and other financing sources.

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<sup>3</sup> This project financed the dissemination of knowledge in LAC countries 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. 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.

### III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 **Component 1. China–LAC Joint Research Activities (US\$75,000).** This component will support collaborative research towards the identification and preparation of public policy recommendations and proposals in areas such as institutional development, infrastructure and logistics, urbanization, sustainable development, environmental protection, agriculture, trade promotion and investment attraction, culture and education, social policy and poverty reduction. This would include joint research initiatives to produce policy research papers and publications, joint workshops to identify shared interest and to establish researcher's networks in specific areas. The activities will also include joint seminars, talks and other types of events that will disseminate the product of the research activities in a larger audience. These joint research activities are also expected to create institutional collaborations through the cooperation of researchers, and promote the long-term effort in strengthening the LAC-China relations by establish a possible online platform (website or blog) to support data and knowledge sharing. This should provide a solid foundation from which effective dialogues among key stakeholders in LAC countries and China can be established to better facilitate the exchange and understanding between the two sides in the areas mentioned above. This component will strive to engage similar efforts financed by the ICSF such as the Academic Network of LAC on China.<sup>4</sup>
- 3.2 **Component 2. Dialogues, policy summits, business meetings and other events (US\$250,000).** This component will finance the hosting, co-sponsoring, and supporting of the participation in events to promote policy and knowledge exchange, and trade summits with the ultimate objective to promote and further develop institutional and business linkages between China and LAC countries. Activities under this component are expected to benefit from the research and other activities developed under Component 1. Examples of activities that the Bank and China have been collaborating are the LAC-China Policy and Knowledge Summit, the annual high-level policy dialogue between LAC countries and China that has greatly strengthened the mutual understanding in policy making in areas that are of shared interest; and the China-LAC Business Summit, the platform that enhances the business linkages, promotes and facilitates trade and investment activities between enterprises and entrepreneurs from LAC countries and China.
- 3.3 **Component 3. Capacity building and institutional exchanges through South-South Cooperation (US\$150,000).** This component will support short-term capacity building exchanges between China and LAC countries. The activities will take forms of training courses in China on leadership and capacity building for LAC officials; workshops on trade facilitation/security and customs cooperation, as well as doing business with China for LAC entrepreneurs; visiting exchange programs between relevant organizations in LAC and China that include the participation of national and subnational authorities and members of

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<sup>4</sup> [www.redalc-china.org](http://www.redalc-china.org)

the academia. One of the exchange programs under this Technical Cooperation (TC) is expected to be developed with the PBC.<sup>5</sup>

**Table 1. Indicative Results Matrix**

Outcome						
Outcome	Indicator	Unit	Instrument of measure	Baseline	Year	
				2015	2016	2017
Improved knowledge and understanding of China institutional and policy features among officials and institutions beneficiaries from LAC	LAC participants from public sector and academia in all events	#	Survey	0	90	90
Increased engagement between China and LAC institutions	Institutions that have participated in the summits, workshops and exchange programs	#	Event's reports	0	10	10
	Partnerships established between LAC and China Institutions	#	MOU/agreement signed	0	0	1
	Collaborations as a results of the activities implemented under this TC	#	Follow up survey	0	0	1
Outputs						
Component	Indicator	Unit	Instrument of measure	Baseline	Year	
				2015	2016	2017
<b>1) China-LAC Joint Research Activities</b>	Institutions that have participated in the research	#	Agreement	0	2	2
	Joint research publications	#	Publication	0	1	1
	Researcher's workshop	#	Workshop report	0	1	1
	Events held for promoting the findings of the research activities	#	Event report	0	1	1
<b>2) Dialogues, Policy Summits, Business Meetings and other events</b>	LAC-China high-level exchange summits	#	Event report	0	1	1
	Media coverage of the events	#	Media report	0	2	2
<b>3) Capacity building and institutional exchanges through South-South Cooperation</b>	Capacity building trainings	#	Event report	0	1	1
	Exchanges program	#	Program report	0	1	1

- 3.4 The total amount of this project will be US\$500,000 fully funded by the Bank through the Institutional Capacity Strengthening Fund (ICSF). Table 2. splits this budget among the different components, for more details see the Annex II.

<sup>5</sup> This exchange program was mutually agreed between by the PBC and a Bank mission to China in September 2015.

**Table 2. Indicative Budget (in US\$)<sup>6</sup>**

Activity/Component	Description	IDB (ICSF) Funding	Total Funding
Component 1	China–LAC Joint Research Activities	75,000	75,000
Component 2	Dialogues, Policy Summits, Business Meetings and other events	250,000	250,000
Component 3	Capacity building and institutional exchanges through South-South Cooperation	150,000	150,000
Monitoring, assessment, dissemination and overall management		25,000	25,000
<b>TOTAL</b>		<b>500,000</b>	<b>500,000</b>

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

- 4.1 The IDB, through Institutions for Development Sector (IFD/IFD), will be the executing agency. The Bank's close working relationship with China through the ICSF on the areas of the proposed TC position it well both as convener and facilitator for the proposed activities. The IDB, under the leadership of the Office of Outreach and Partnerships (ORP), has also established a wide network with Chinese institutions, including the People's Bank of China, the Chinese Academy of Social Sciences, as well as other Chinese agencies. Given the nature of the program, IFD will closely coordinate, through the project team members, with all Vice Presidency of Sector (VPS) departments and ORP for the identification of all activities based on selection criteria.
- 4.2 **Criteria for the selection of topics.** The project team will work collaboratively to determine the activities based on: (i) operational relevance; (ii) alignment with the five year plan between the PBC and IDB and consistency with the sector priorities in the GCI-9 and its Institutional Strategy Update; and (iii) interest from Chinese institutions and IDB borrowing member countries involved.<sup>7</sup>
- 4.3 Prior to the initiation of activities in the beneficiary countries a letter of non-objection will be sought from the country liaison office with the Bank
- 4.4 **Sustainability.** In order to ensure sustainability and exchange the dissemination and impact of the activities (research, dialogues and exchange programs), the team will reach out to thinks tanks that have as one of their core research areas China-LAC relationships and stablsh partnerships to engage them in the activities and products to be developed. In addition, as part of monitoring activities, the project team will ensure that surveys are conducted at the end of every activity.
- 4.5 Quarterly meetings of the project team will be convened to monitor progress and to identify upcoming activities. Summary reports will document each activity and surveys will be implemented, when appropriate, 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.
- 4.6 As part of the implementation, Chinese and LAC academic institutions will be engaged as their participation will enhance the reach of the activities and

<sup>6</sup> For more details see the [indicative budget](#).

<sup>7</sup> For more details about the selection criteria see [MoU](#) signed between the Bank and PBC.

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.<sup>8</sup>

- 4.7 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank's current procurement policies and procedures.

## **V. MAJOR ISSUES**

- 5.1 The potential risk of insufficient relevance of the KPEI activities may lead to a lack of interest from LAC countries and China. This risk may be mitigated by the selection criteria, the early identification of the potential demand for and relevance of specific topics and by evaluating previous events to draw lessons learned. The researcher's workshops under Component 1 are also expected to reduce the risk of lack of relevance for the following activities of the TC considering that the workshops will bring together key stakeholders from LAC countries and China to identify an agenda of shared interest. Timely dissemination of the proposed activities and the product of the activities will also ensure that the knowledge from the activities is properly promoted. Given the nature of the KPEI, the Bank team will coordinate with the respective agencies in LAC, and PBC in China in identifying relevant participants and participating agencies. The project team will keep close track on monitoring and evaluation of activities to contribute to the expected results.

## **VI. EXCEPTIONS TO BANK POLICY**

- 6.1 None.

## **VII. ENVIRONMENTAL AND SOCIAL STRATEGY**

- 7.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "C." (see [Safeguards Policy Filter Report and the Screening Form](#)).

### **Required Annexes:**

- Annex I - [Terms of Reference](#).
- Annex II - [Procurement Plan](#).

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<sup>8</sup> The actual structuring of any partnerships that result from the activities under this TC will be led by ORP.

**CHINA-LAC KNOWLEDGE AND POLICY EXCHANGE INITIATIVE (KPEI)**

**RG-T2665**

**CERTIFICATION**

I hereby certify that this operation was approved for financing under Institutional Capacity Strengthening Thematic Fund **(ICS)** through a communication dated June 25, 2015 and signed by Goro Mutsuura, ORP/GCM. Also, I certify that resources from said fund are available for up to **US\$500,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount, may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

*Original Signed*

*10/22/2015*

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Sonia M. Rivera  
Chief  
Grants and Co-financing Management Unit  
ORP/GCM

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Date

**APPROVAL**

Approved:

*Original Signed*

*10/22/2015*

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Ana Maria Rodriguez-Ortiz  
Sector Manager  
Institutions for Development Sector  
IFD/IFD

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Date