

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	2019 5th Korea LAC Business Summit
▪ TC Number:	RG-T3485
▪ Team Leader/Members:	Mejia Rivas, Isabel (INT/INT) Líder del Equipo; Barron, Itzel (INT/INT); Bendersky, Matias (ORP/REM); Esteves, Yasmin (INT/INT); Gomez Gonzalez, Maria Margarita (INT/TIN); Imana, Zaida Victoria (INT/TIN); Lee, Jin Yue (ORP/REM); Medina Villanueva, Daniela (INT/INT); Rospide, Maria De La Paz (INT/TIN); Steneri, Pablo (INT/TIN); Verissimo Da Silva, Carolina (LEG/SGO); Yoo, Seongjun (INT/TIN)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	
▪ Date of TC Abstract authorization:	07 May 2019.
▪ Beneficiary:	Ministries of Trade and Investment, Entrepreneurs from the IDB Borrowing Member Countries
▪ Executing Agency:	Inter-American Development Bank
▪ Donors providing funding:	Public Capacity Building Korea Fund for Economic Development(KPC)
▪ IDB Funding Requested:	US\$950,000.00
▪ Local counterpart funding, if any:	
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	July 12, 2019
▪ Types of consultants:	Firms, Individuals
▪ Prepared by Unit:	INT/TIN-Trade & Investment
▪ Unit of Disbursement Responsibility:	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:	Productivity and innovation; Economic integration

II. Objectives and Justification of the TC

- II.1 The main objective of this project is to increase trade and investment opportunities between Korea and Latin America and the Caribbean (LAC). To achieve this goal, this Technical Cooperation (TC) aims to: (i) share the Korean experience with respect to promoting extraregional trade and investment, including the sharing of lessons learned and best practices that may serve as foundation for future cooperation between Korea and LAC countries; and (ii) strengthen existing business opportunities and boost emerging opportunities in strategic sectors such as agribusiness, Information and communications technology (ICT), energy, transport, environment and infrastructure.
- II.2 The dynamic growth of trade, investment, and cooperation between Korea and LAC has laid the groundwork for a sustainable, diversified, and mutually beneficial relationship. Korea was the first East Asian country to seek Free Trade Agreements (FTAs) with LAC partners in the early 2000s, signing its first bilateral FTA with Chile in 2004, and later with Peru (2011) and Colombia (2016). In 2018, a multilateral FTA with five countries from Central America (Nicaragua, El Salvador, Honduras, Costa Rica and Panama) was signed, and is expected to be ratified in 2019. Additionally, Korea is finalizing negotiation of a Strategic Economic Cooperation Agreement with Ecuador

and, in 2018 began negotiating a Trade Agreement with Mercosur. These points underscore how Korea has emerged as a strategic partner for LAC. Studies show that trade between Korea-LAC experienced rapid and sustained growth since 1990, increasing 17% per year on average, while Korean investment in the region has expanded tenfold in the last decade alone. Although LAC and Korea have taken important steps to move its economic relationship in promising new directions, additional efforts are needed to increase geographical and sectorial diversification of trade and investment flows, especially considering the current uncertainty in the global trade environment. For example, Korea still lacks FTA's with LAC's three largest economies (Mexico, Brazil, and Argentina) and tariffs and non-tariff barriers continue to pose considerable obstacles to trade in key high value-added sectors such as fresh fruit and other agricultural goods, including grains and animal products, where LAC enjoys competitive advantages.¹ In addition, while Korean Foreign Direct Investment (FDI) in LAC has been a strong point, with over 80% of FDI going to manufacturing, greater emphasis can be placed on attracting investment in research and development (R&D) from Korea's innovative multinational firms.² Meanwhile, LAC's *multilatinas* have not fully leveraged the opportunities provided by Korea's large affluent consumer market which climbed to a Gross domestic product (GDP) per capita of over US\$29,500 in 2017.

- II.3 As the era of the 4th industrial revolution takes hold, everyday devices are becoming more connected than ever and more data is being collected, stored and analyzed. This new phenomenon is affecting our lives and reshaping our economic and social environment at an unprecedented rate. This new scenario will generate new business opportunities, especially through the development innovative technology such as artificial intelligence, 3-D printing and the Internet of Things (IoT). Conversely, it is expected to make some of the conventional business models obsolete, highlighting the importance preparing and embracing this shift. In this context, the TC will support exchanges by entrepreneurs and government officials from both regions as they seek innovative collaboration models for the future, supported by emerging technologies, to strengthen traditional business partnerships.
- II.4 The Bank has successfully organized numerous activities focused on promoting bilateral trade and investment between Korea-LAC, including training seminars, site visits, dissemination events and business matchmaking. These activities have proven to be successful initiatives in strengthening trade and investment flows. Specifically, the 4th Korea-LAC Business Summit, held in 2017, led to the following results: (a) 88 enterprises from the LAC region initiated business partnerships with 231 Korean counterparts during 595 pre-arranged business meetings, which led deals worth an estimated US\$9.8 billion; (b) 743 individuals from Korea-LAC participated in the Business Forum and Business workshops. These activities provided an opportunity for all participants to enhance their knowledge of Korean and LAC economies and markets, facilitating greater bilateral business in the future.
- II.5 The TC addresses two of the three major development challenges identified in the Bank's "Update to the Institutional Strategy 2010-2020": (i) economic integration, both intra-regional and international, and (ii) productivity and innovation. Through a series

¹ Theodore Kahn and Mauricio Mesquita Moreira, Korea: New Frontiers in the Asia-Latin America Relationship, (Washington, D.C., Inter-American Development Bank, 2017), 26.

² Theodore Kahn and Mauricio Mesquita Moreira, Korea: New Frontiers in the Asia-Latin America Relationship, (Washington, D.C., Inter-American Development Bank, 2017), 10.

of high-level discussion panels featuring public sector officials from both regions, interactive capacity building activities, and platforms to generate new leads and business deals, this TC aims to address the challenge faced by limited trade and economic integration, both intra-regional and international, as well as low productivity and innovation. The two opening discussion panels for the summit, which set the tone for the event are titled “Korea and LAC: an agenda for prosperity through trade and investment” and “Unlocking the potential of the 4th Industrial Revolution in LAC”. More generally, the event is part of the Asia-LAC fora series of that has been executed by the Bank, which all pursue a coordinated strategy that is aligned with the goals of promoting international economic integration, the creation of trade capacity and the improvement of productivity and innovation, by promoting the exchange of best practices and transfer of knowledge with the Bank’s member countries in Asia, all of which are significant export markets for LAC firms. Moreover, the TC aligns with the Agreement between The Ministry of Strategy and Finance of the Government of Korea and the Bank for the Establishment of a Public Capacity Building Korea Fund for Economic Development, in particular to finance an operation with the objective to design, implement, improve and evaluate strategies, systems and policies of national and subnational governments as they relate trade and investment facilitation and promotion measures, between Korea and LAC.

III. Description of activities/components and budget

III.1 Component I. The 5th Korea-LAC Business Summit: A two-day business summit will be held in Seoul, Korea, on October 7-8, 2019. The aim is to create opportunities for trade and investment between the regions. The event will include high-level dialogue between policy makers, government officials and top executives, who will address topics such as: Enhancing Korea-LAC economic integration through trade agreements; Supporting technical innovation in LAC through exchange programs and knowledge transfer initiatives with Korean professionals; and Regional Development through Public Private Partnerships. Specifically, these themes aim to address the opportunities and challenges as it relates to continue expanding the web of trade agreements between Korea and LAC, including with the region’s largest economies (Brazil, Mexico and Argentina); best practices in promoting greater sectoral diversification in bilateral trade and investment flows, including how LAC exporters can better target Korea’s large affluent consumer market; and opportunities for increasing Korean investment in R&D and value-added activities in the region. As in previous editions of the Korea-LAC Summit, the Korea Export-Import Bank will be a key partner for the event. The summit will include the following activities:

- a) **Panel Discussions:** High-level policymakers and executives will share their viewpoints on the abovementioned topics. The team will actively communicate with Korean counterparts to coordinate the panelist and moderator invitation process.³
- b) **Business Opportunities Exhibition:** LAC Investment Promotion Agencies (IPAs) will have an opportunity to interact with Korean participants as well as present their investment project portfolio. It is recommended that Korea and

³ To ensure successful design and implementations of these panels, INT/TIN will collaborate closely with other branches of the Bank that possess technical know-how and valuable contact of the region, including but not limited to INE (ENE, TSP, WSA), IFD (CMF), the IDB Invest and ORP. ORP will coordinate this internal collaboration and reach-out to other external partners.

Asia-based representatives from IPAs participate in the event to foster closer relationships with potential investors from Korea. To achieve this goal, this component will finance the travel expenses of LAC government officials' visits to Korea.

- c) **Capacity-Building:** Workshops and various capacity-building and partnership activities will be designed and executed during the summit. For example, workshops by IDB Invest, and on best practices in trade and investment promotion, as well as MoU signing ceremonies between Korea-LAC authorities, may be incorporated.
- d) **Korea-LAC Business-to-Business (B2B) Matchmaking:** This aims to promote new trade and investment opportunities by generating business contacts and identifying concrete business leads. To achieve this objective, the team will: (i) support the organization of the Korea-LAC business meetings through an on-site one-on-one business matchmaking event (which will be held on the second day of the Korea-LAC Business Summit); (ii) provide support to participants in order to strengthen partnerships that have been initiated already and to solidify these partnerships through a series of follow-up activities; and (iii) track and disseminate success stories on ConnectAmericas.com to share best practices and generate interest in future events. As in previous events, the Korea Trade and Investment Promotion Agency (KOTRA) will be technically supporting the selection of participants, meeting arrangements, logistics and follow ups. The Korea-LAC B2B matchmaking sessions will focus on creating qualitative and quantitative business partnerships. To this end, the participants will be selected based on certain criteria: previous business experience with Korean counterparts, market potential, and authenticity of their interest in doing business with Korea. Korean counterparts will be selected based on the same criteria. The team will closely work with its Korean counterpart to guarantee that prearranged meetings meet the needs of both parties. As for investment projects, this edition of the summit will concentrate its resources on creating investment partnerships in the following sectors: Information and Communication Technologies, Transport and Infrastructure, Energy, and Water and Sanitation. Participation of both public and private sectors will be encouraged. In addition, a strong communication strategy will be implemented to disseminate results of the Korea-LAC Business Summit. The ConnectAmericas.com platform will also be used to create and disseminate knowledge products and success stories of business partnerships between LAC and Korean companies in the form of articles, photos, videos or webinars, to ensure that a substantial LAC audience gains a better understanding of how to strengthen their trade and investment relationships with Korea. Furthermore, the report will be distributed to all registered participants and made available to all Bank staff.

Indicative Budget (amounts in USD)⁴

Activity/Component	IDB/KCP	Total Funding
The 5th Korea-LAC Business Summit	950,000.00	950,000.00
Operation Total	950,000.00	950,000.00

⁴ <http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-1977430324-16>

- III.2 A total of US\$950,000 is requested from the Public Capacity Building Korea Fund for Economic Development (KCP) for this project.
- III.3 To evaluate the progress on the expected outcomes, the project team will conduct semi-annual surveys to participants of each activity to measure and evaluate the impact achieved. By bringing together a network of global and local partners, the Korea Trade-Investment Promotion Agency (KOTRA) and the Trade and Investment Promotion Organizations of the region will endeavor to incubate a more sustainable ecosystem for participants and will enhance the establishment of better tracking mechanisms post-summit.

IV. Executing agency and execution structure

- IV.1 This TC is part of the Bank's initiative to expand regional integration. The Ministry of Economy and Finance of Korea and the Bank have agreed on organizing the Korea-LAC Business Summit to support the enhancement of bilateral business relationships.⁵
- IV.2 This TC will be executed by the Bank for the following reasons:
- a. 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.
 - b. INT/TIN has gained invaluable know-how for the Bank in the execution of Asia-LAC initiatives, including four editions of the Korea-LAC Business Forum: 2007 (RS-T1360), 2011 (RG-T2025), 2015 (RG-T2533) and 2017 (RG-T3048)), which aimed to create more bilateral trade and investment opportunities between Korea and LAC countries.
- IV.3 All activities to be executed under this TC have been included in the Procurement Plan (see Annex III) and will be contracted in accordance with Bank policies as follows: (i) AM-650 for Individual consultants; (ii) GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for Services of an intellectual nature; and (iii) GN-2303-20 for logistics and other related services. Services to be procured via Single Source Selection (SSS) for this TC are those where our local counterparts have made specific recommendations, stressing the importance of having prior experience hosting similar high-level conferences of this nature, including the 4th Korea-LAC Business Summit held in 2017, with the objective of ensuring continuity and consistency in regard to the level of service between each edition. Moreover, as recommended by our local counterparts, in order to effectively handle travel logistics for over 50 high level participants from the region that will be travel to Korea with complex itineraries, an international firm with broad experience dealing with large groups and outstanding 24 hour customer support will be hired, as Ultramar, the Bank's in-house travel agency cannot effectively service this volume of flight itineraries.
- IV.4 Since bank personnel hold a high level of experience and technical ability on the issues that will be disseminated during the workshop, and for the purposes of transferring such knowledge and experience to the beneficiaries of this TC, it is proposed that part of the resources be used to cover staff travel costs to participate in the event. The financing of these costs is consistent with the Technical Cooperation Policy of the Bank and is not intended to supplement the administrative budget.

⁵ <http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-1977430324-15>.

- IV.5 The project team will collaborate closely 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 IBD 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 matchmaking activity.

V. Major issues

- V.1 **Risk mitigation.** The success of the project depends on the active participation of LAC officials and private sector representatives. The cost and logistics arrangements involved in traveling to Seoul pose the risk of reduced attendance from government officials and private sector leaders. The operation will mitigate this risk by: (i) engaging LAC government officials and private sector associations such as Trade Promotion Organizations (TPO) and IPAs, Chambers of Commerce, Ministers of Trade, among others, to maximize the number of invited guests; (ii) extensive dissemination and promotion during all stages of project implementation through traditional communication channels as well as innovative communication methods; and (iii) early engagement with attendees to provide enough time for travel arrangements and resolving scheduling conflicts.
- V.2 **Project sustainability.** Sustainability-related considerations will be prioritized throughout the design and operation phases of this project. It is important to highlight the fact that sustaining the partnerships developed in this type of initiative is a challenge due to geographical distance, language barriers, and the potential for cultural misunderstanding. The team will make all effort to provide a targeted trade and investment matchmaking experience and follow-up mechanism. To this end, the team will strive to create a strong bond with partners from the region and Korea through: (a) active communication with participants to reflect their business needs as clearly and effectively as possible; (b) building aftercare systems to verify the needs for technical assistance, and (c) collection of success stories to disseminate among relevant stakeholders.

VI. Exceptions to Bank policy

- VI.1 There are no exceptions to the Bank policy in this project.

VII. Environmental and Social Strategy

- VII.1 This project has been classified under the category "C" according to the Policy Environment and Safeguards Compliance Policy (OP-703). See [Safeguard Policy Filter](#) and [Safeguard Screening Form](#).

Required Annexes:

[Results Matrix - RG-T3485](#)

[Terms of Reference - RG-T3485](#)

[Procurement Plan - RG-T3485](#)