

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Sixth Korea-LAC Business Summit
▪ TC Number:	RG-T3913
▪ Team Leader/Members:	Moreno Gonzalez, Samuel Gustavo (INT/TIN) Team Leader; Almeida Oleas, Natalia (LEG/SGO); Barron Chirino, Itzel (INT/TIN); Esteves, Yasmin (INT/INT); Gomez Gonzalez, Maria Margarita (INT/TIN); Rospide, Maria De La Paz (INT/TIN); Steneri, Pablo (INT/INT); Yoon, Yechan (INT/INT)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	n/a
▪ Date of TC Abstract authorization:	10 May 2021.
▪ Beneficiary:	Ministries of Trade and Investment and entrepreneurs from IDB Borrowing Member Countries
▪ Executing Agency and contact name:	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:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	July 31, 2021
▪ 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):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Economic integration; Productivity and innovation

II. Objectives and Justification of the TC

- 2.1 The main objective of this Technical Cooperation (TC) is to increase trade and investment opportunities between Korea and Latin America and the Caribbean (LAC). To achieve this goal, this TC aims to: (i) share Korean experiences in promoting inter-regional trade and investment, including lessons learned and best practices that can serve as foundation for future cooperation between Korea and LAC countries; and (ii) strengthen existing business relationships and foster emerging opportunities in strategic sectors such as, but not limited to, agribusiness, information and communication technologies (ICT), energy, transport, infrastructure, and the environment.
- 2.2 Over the last 20 years, Korea has become an increasingly important trade partner for LAC. Bilateral trade has quadrupled, reaching US\$43 billion in 2018, and foreign direct investment from Korea in LAC has both increased and diversified¹. Korea is the Asian

¹ Paolo Giordano, Cloe Ortiz de Mendivil, Ziga Vodusek, Stepping up Cooperation: Policy Options for Latin America and Korea, (Washington, D.C., Inter-American Development Bank, 2019), 13.

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 effect earlier in 2021. Additionally, Korea has advanced negotiations with Ecuador for a Strategic Economic Cooperation Agreement and, in 2018 began negotiating a Trade Agreement with Mercosur. Besides expanding its network of trade agreements, Korea is also taking an active role in the region's integration process, particularly with the Pacific Alliance, in which it has status of Observer Country.

- 2.3 While it is clear that bilateral trade and direct investment between Korea and LAC experienced rapid growth since 1990, this relationship warrants a renewed focus to reach its full potential. Korean Foreign Direct Investment (FDI) in LAC has been a strong point, with a marked increase between 2000 and 2015, resulting from major investments by leading Korean manufacturing firms. In spite of this, recently, Korean FDI flows to LAC have been waning, falling back to 2015 levels. Despite these challenges, the composition of FDI flows in the region has been maturing, with the participation of manufacturing industries growing throughout the same period.
- 2.4 A recent IDB study highlights three major trade costs which continue to constitute a serious obstacle to building closer bilateral economic ties: tariffs, transportation, and logistics. If a set of reforms aiming to reduce trade costs is implemented, LAC exports to Korea could grow 43% from the US\$16.2 billion recorded in 2018, while Korea's sales to LAC could increase by 63% from US\$26.7 billion in 2018². To fully tap the potential of the Korea-LAC relationship, greater emphasis can be placed on attracting investment in research and development (R&D) from Korea's innovative multinational firms. Meanwhile, LAC's *multilatinas* have not fully leveraged the opportunities provided by Korea's large affluent consumer market, which reached to a Gross domestic product (GDP) per capita of over US\$31,800 in 2019.
- 2.5 Expanding the already wide network of free trade agreements (FTA) would help lower tariffs and lift non-tariff barriers (NTBs), especially in key sectors such as fresh fruit and other agricultural goods, including grains and animal products, where LAC enjoys competitive advantages. Moreover, attracting investment in infrastructure would reduce transportation costs, while trade facilitation may bring down logistics costs³.
- 2.6 To this end, this TC will support exchanges by entrepreneurs and government officials from Korea and LAC countries as they seek innovative collaboration models to mitigate the effects of the pandemic, boost the economic recovery, and kickstart a more profound and integrated bilateral relationship for the future, supported by emerging technologies to strengthen traditional business partnerships. For example, the pandemic has demonstrated the potential of the ICT sector, including the development of e-government to facilitate the growing demand for more efficient, transparent, and accountable public services, innovative "touchless" technologies to facilitate cultural shifts, and changes in workplace and business modalities, and the rapid expansion of both domestic and cross-border e-commerce. Conversely, this new context is

² Paolo Giordano, Cloe Ortiz de Mendivil, Ziga Vodusek, *Stepping up Cooperation: Policy Options for Latin America and Korea*, (Washington, D.C., Inter-American Development Bank, 2019), 10.

³ Paolo Giordano, Cloe Ortiz de Mendivil, Ziga Vodusek, *Stepping up Cooperation: Policy Options for Latin America and Korea*, (Washington, D.C., Inter-American Development Bank, 2019), 29.

expected to disrupt conventional business models, highlighting the importance of adequate preparation to embrace this shift.

- 2.7 The project team will work closely with its local partners recommended by the Ministry of Economy and Finance of Korea, the Export-Import Bank of Korea and KOTRA, to determine the TC beneficiaries. For example, the Export-Import Bank of Korea will provide technical support to the IDB team in the selection of public and private sector Korea and LAC panelists and event participants. Participants will be selected based on their public and private sector background and experience in advancing ties between both regions. The IDB team will also work closely with LAC trade promotion agencies and KOTRA, through its network of regional offices based throughout LAC, to select relevant exporters from the region to attend the summit and participate in the B2B matchmaking activity.
- 2.8 The Bank has successfully organized numerous activities focused on promoting bilateral trade 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 trade and investment flows. Specifically, the 5th Korea-LAC Business Summit, held in 2019, led to the following results: (i) 97 enterprises from LAC initiated business partnerships with 299 Korean counterparts during 621 pre-arranged business meetings, leading to deals totaling an estimated US\$ 583 million; (ii) 1,058 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, markets, and business opportunities, hence facilitating greater bilateral business for the future.
- 2.9 This TC is aligned with the 2020-2023 Corporate Results Framework (GN-2727-12), and includes indicators addressing two of the three development challenges identified in the Bank's "Second Update to the Institutional Strategy": Productivity and Innovation and Economic Integration, as LAC companies will benefit from knowledge sharing and interregional trade and investment will be fomented. In particular, it is aligned with the following level 1 indicators: # 1.6 Research and development expenditure as a percentage of GDP (%); # 1.9 Growth rate of the value of total exports of goods and services (%); # 1.10 Foreign direct investment net inflows as percentage of GDP (%); additionally, the TC is aligned with the IDB's "Vision 2025", particularly addressing four of the five immediate opportunities identified within the "Working Toward Sustainable and Inclusive Economic Growth" tier: Digitalization and Faster Adoption of New Technologies, SME Support, Deeper Regional Economic Integration that Promotes Trade and Capital Flows, and Climate Change. The TC aims to address these challenges through a series of high-level discussion panels featuring public and private sector officials from both regions, interactive capacity-building activities, and platforms to generate new leads and business deals. During this Sixth Korea-LAC Business Summit, thematic panel sessions will preliminarily focus on the following themes: (i) Global Outlook in the post-COVID Era; (ii) Embracing Digital Transformation: Strategy for going digital; (iii) Confronting Climate Change: Coordinated response to the crisis; (iv) Trade and Investment in Post-COVID Era: Value chain reorganization and unpacking cross border e-commerce. More generally, the event is part of the Asia-LAC fora series 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, this TC is aligned 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 of designing, implementing, improving and evaluating strategies, systems and policies of national and subnational governments as they relate to trade and investment facilitation and promotion measures, between Korea and LAC.

III. Description of activities/components and budget

- 3.1 **Component I. The 6th Korea-LAC Business Summit:** A two-day business summit will be held in Seoul, Korea, preliminarily scheduled for October 28-29, 2021, under a modality to be determined (on-site, virtual, or hybrid) and subject to factors including, but not limited to: (i) status of the pandemic and progress of vaccine administration; (ii) quarantine requirements upon arriving at Korea; (iii) the lifting of IDB's travel restrictions; and (iv) Korea government's policy on social distancing, etc. The event's modality shall be determined, in collaboration with relevant stakeholders, by the end of August, preliminarily. The project team will develop, in collaboration with the project's stakeholders, adaptive scenario planning and implementation roadmaps to reduce to a minimum any alteration to the programming and ensure the highest possible quality in the implementation of the activities outlined below.
- 3.2 The summit aims to create a wide range of opportunities for trade and investment between the regions amid the pandemic and to further the scope for cooperation in a post-COVID context. The summit will include a high-level dialogue between policy makers, government officials and senior business 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; Regional Development through Public Private Partnerships; and Coordinated response to overcome the pandemic and to rebuild afterward. Specifically, these themes aim to address the opportunities and challenges presented by the pandemic as its heavy toll is expected to linger on for years to come; best practices in promoting greater social inclusion and diversification through trade and investment, digital transformation of public services, opportunities for increasing Korean investment in R&D and value-added activities such as in healthcare and mobility industries to facilitate the nearshoring drive in the region, and infrastructure investment to assure more inter-regional integration. The Summit will include the following activities intended to benefit all IDB borrowing member countries.
 - 3.2.1 **Business Forum:** Policymakers and business executives will share their viewpoints on the abovementioned topics through a series of high-level discussion panels. One of the headlining sessions will focus on highlighting the opportunities for enhancing trade, investment and cooperation ties between Korea and regional integration initiatives in LAC. The session will focus on the opportunities between Korea and different integration initiatives, such as the Pacific Alliance (PA) and Mercosur, considering recent developments on ascension to the former as an associate member and ongoing negotiations to sign a free trade agreement with the latter. The team

will actively communicate with Korean counterparts to coordinate the panelist and moderator invitation process.⁴

- 3.2.2 **Capacity-Building:** Workshops and various capacity-building and partnership activities will be designed and executed during the Summit. For example, workshops provided by IDB Invest, and on best practices in trade and investment promotion, as well as a MoU signing ceremony between Korean and LAC authorities, may be incorporated.
- 3.2.3 **1 on 1 Meetings on Trade / Investment / Infrastructure Project:** This activity aims to promote new trade and investment opportunities by generating business contacts and identifying concrete business leads. To this end, the Summit will concentrate its resources on creating partnerships in the following sectors: Bilateral Trade between Korea and LAC region, Foreign Direct Investment from Korea, social overhead capital (SOC) investment such as e-Government, Information and Communication Technologies (ICT), Transport and Infrastructure, Energy, Mobility, and Water and Sanitation. 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.
- 3.3 The resources from this Component will finance consultancy services and logistic support for the preparation, participation, and execution of the Summit's specific activities.
- 3.4 **Component II. Dissemination Activities:** To ensure the adequate involvement and wide participation of stakeholders from both Korea and LAC in the Summit, as well as to maximize its impact in the long term, human resources, technical capacity, and multi-institutional cooperation are required.
- 3.5 A strong communication strategy will be implemented to promote the 6th Korea-LAC Business Summit and to disseminate its results. The ConnectAmericas.com platform will also be leveraged to this end to share knowledge products and success stories of business partnerships between LAC and Korean companies in the form of articles, photos, videos, and webinars, to ensure that a substantial LAC audience gains a better understanding of how to strengthen their trade and investment relationships with Korea. Furthermore, a summary report containing the results achieved during the Summit will be distributed to all registered participants and made available to all Bank staff.
- 3.6 This component will finance consultancy services for the preparation of content and dissemination activities related to the Summit.
- 3.7 **Budget.** The total cost of this project is US\$950,000 to be financed by the Public Capacity Building Korea Fund for Economic Development (KCP).

⁴ To ensure successful design and implementation of these panels, INT/TIN will collaborate closely with other branches of the Bank, 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.

Indicative Budget (in US\$)

Activity/Component	Description	IDB/KCP	Total Funding
Component 1: The 6th Korea-LAC Business Summit	Business Summit Planning and Execution	430,000	430,000
	Event Venue and Lodging for Participants	300,000	300,000
	Travel Expenses for Participants	100,000	100,000
	Travel Expenses for Internal Stakeholders	35,000	35,000
	Bilateral 1 on 1 Business Meetings on Trade/Investment/Infrastructure	50,000	50,000
Component 2: Dissemination Activities	Outreach and Dissemination Activities	35,000	35,000
Total		950,000	950,000

- 3.8 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 ultimately achieved. By bringing together a network of global and local partners, KOTRA and the region's Trade and Investment Promotion Organizations 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

- 4.1 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 to organize the Korea-LAC Business Summit to support the enhancement of bilateral business relationships.⁵
- 4.2 This TC will be executed by the Bank for the following reasons:
- 4.3 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.
- 4.4 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) and 2017 (RG-T3048) and 2019 (RG-T 3485), 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.
- 4.5 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-2765-4 and Guidelines OP-1155-4 for Consulting Firms for Services of an intellectual nature; and (iii) GN-2303-28 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

⁵ https://idbg.sharepoint.com/_layouts/15/DocIdRedir.aspx?ID=EZSHARE-322857175-2.

high-level conferences of this nature, including the 5th Korea-LAC Business Summit held in 2019, with the objective of ensuring continuity and consistency related 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 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.

- 4.6 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.
- 4.7 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 matchmaking activity.

V. Major issues

- 5.1 **Risks.** Implementation of a strategic project amid a global pandemic implies a high level of complexity and greater uncertainty, as well as risks related mainly to inter-institutional coordination and asymmetries in information. The single biggest risk factor is the COVID-19 pandemic, posing a variety of challenges such as modality, logistics, available programming, etc.
- 5.2 Bearing in mind the unprecedented uncertainty around the pandemic, much flexibility will be required in several of the Summit's organizational aspects. This is specifically important in terms of the Summit's modality (on-site, virtual, or hybrid), a topic that will require utmost attention, adaptability, and flexibility.
- 5.3 Spread of pandemic and vaccine administration: Though global vaccination efforts have somewhat loosened the pandemic's grip; it is still too early to declare with any certainty how and when the normalcy will resume. Additionally, the fact that vaccine availability is uneven not only between countries, but also within them is a huge concern.
- 5.4 Quarantine requirement upon arriving in Korea: Since April 1st, 2020, everyone arriving in Korea from overseas have had to undergo a mandatory 14-day quarantine upon arrival in an effort to stem the spread of Covid-19. While there is a 'Quarantine Exemption Certificate for Short-Term Foreign Visitors' issued upon an official request by document from the Korean government office to the Ministry of Foreign Affairs, it is still impractical to obtain a certificate for all the participants in time for the Summit.
- 5.5 IDB's own travel restrictions: Since March 16th, 2020, all business travel, meetings, and/or in-person workshops in IDB have been cancelled or moved online. Unless the internal restriction is lifted, the only modality available would be virtual.

- 5.6 Korean government's social distancing policy: As of April 6, 2021, [Central Disaster Management Headquarters](#) is imposing the 'Plan to Enhance Infection Prevention and Control Measures in the Seoul Metropolitan Region', effectively banning indoor assemblies / gatherings / events of 50 or more. Exceptions, however, are possible in the case of meetings and events essential for public affairs or corporate management activities, in which case the summit might be declared as such. Nonetheless, unless the situation dramatically improves to the extent that the policy is loosened significantly or lifted, hosting an event of the given nature would not be advisable. Also, though the Plan does not keep the summit from being held in person, it would certainly require a substantial modification.
- 5.7 Introduction of vaccination passport: As the vaccination effort has gained momentum, and a growing number of companies will require proof of vaccination before opening their doors again, the idea of vaccination passport has been widely floated recently. The certificate would at least enable the summit to be held in hybrid mode, with passport holders able to travel to Korea. Meanwhile, it must be noted that the vaccine passports also raise huge ethical questions, as discrepancies in vaccine rollout between countries still exist. There are also privacy concerns about the risks of sharing health records with third parties.
- 5.8 **Risk mitigation.** To ensure the success of the project, the operation will mitigate the risks outlined above by: (i) early communication with 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 necessary travel arrangements and resolving scheduling conflicts.
- 5.9 It is expected that having the IDB as the executing agency will help to manage the mentioned risks, considering that the Bank has extensive experience coordinating the TC's proposed activities with the different public institutions and private sector leaders involved in this project. In addition, the IDB has successfully carried out numerous high-level events of this nature under a virtual, hybrid, and on-site modality.
- 5.10 **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 efforts to provide a targeted trade and investment matchmaking experience and follow-up mechanism through semiannual surveys conducted in collaboration with Korean stakeholders to participants at the conclusion of the event during the project's 24-month execution period. To this end, the team will strive to create a strong bond with partners from the region and Korea through: (i) active communication with participants to reflect their business needs as clearly and effectively as possible; (ii) building aftercare systems to verify the needs for technical assistance; and (iii) collection of success stories to disseminate among relevant stakeholders.

VI. Exceptions to Bank policy

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

VII. Environmental and Social Strategy

- 7.1 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-T3913](#)

[Terms of Reference - RG-T3913](#)

[Procurement Plan - RG-T3913](#)