

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Generation and promotion of a renewed and inclusive regional integration agenda for the Americas
▪ TC Number:	RG-T3832
▪ Team Leader/Members:	MEJIA RIVAS, ISABEL (INT/INT) Team Leader; ROSPIDE, MARIA DE LA PAZ (INT/TIN); ALMEIDA OLEAS, NATALIA (LEG/SGO); ESTEVES, YASMIN (INT/INT); VASCO HENAO, OSCAR DARIO (INT/TIN); STENERI, PABLO (INT/INT); GARCIA NORES, LUCIANA VICTORIA (INT/INT); CONTRERAS HUERTA, RODRIGO ANDRES (INT/TIN); DORANTES GOMEZ, ANGELA CARMELIA (INT/INT)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	05 Feb 2021
▪ Beneficiary:	26 IADB's Borrowing Member Countries
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$900,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INT - Integration and Trade Sector
▪ 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:	Economic integration

II. Objective and Justification

- 2.1 Continue to support private sector led economic integration in the Americas and robust public-private engagement in support of policymaking that can contribute to increases in productivity, trade, innovation, and job creation and lead to sustained economic growth and development, including through the preparation of the CEO Summit of the Americas, to be held in the United States on the margins of the IX Summit of the Americas.
- 2.2 The health crisis triggered by the COVID-19 pandemic deepened the downward trend in global trade that had begun in late 2018. The value of global trade fell 2.9% on average in 2019, before plunging by 13.3% year-on-year in the first half of 2020. The effects of the pandemic were relatively deeper in developed countries, where demand shrank by 14.7% year-on-year in the first half of 2020. In this context, exports from Latin America and the Caribbean dropped 16.1% year-on-year in the same period. The economic crisis caused by the COVID-19 pandemic has mainly spread through the trade channel via volumes, unlike other recent trade contractions, which were largely explained by collapses in prices. GDP in Latin America and the Caribbean fell 15.35% year-on-year during the second quarter and is estimated to have fallen 7.36% year-on-year during the third quarter of 2020, with most countries severely impacted by the contraction of global demand. The accumulated fall is estimated at 7.7% and 9.2% over the first three quarters of the year

for the countries of South America and Central America and Mexico respectively. Employment is estimated to have fallen by 10 percentage points in a group of 14 countries in the region, equal to a loss of 47 million jobs, during the second quarter of the year. While these same countries experienced a 2.7% recovery during the third quarter, the year-on-year fall was 7.5%. In this context, it is essential that the countries of Latin America and the Caribbean implement policies that attract investment and spur economic growth and job creation. The trend toward more resilient and environmentally friendly value chains and a push to deepen and modernize the economic integration of the countries in the region offer some of the most significant opportunities in that regard. IDB studies note that convergence among the 33 preferential trade agreements in LAC could lead to an estimated 11.6% increase in intraregional trade and that a reduction of 10% in international freight costs could translate into a 30% increase in exports. The objective of this TC is to support a robust public-private dialogue that harnesses private sector views and expertise for the development and implementation of public policies that are tailored to attract investment to the region and that promote productivity and export led economic growth and will seek to translate such efforts into concrete investment projects. Efforts will be focused in the areas of (i) trade facilitation, (ii) infrastructure, (iii) energy and natural resources, (iv) project financing, capital markets development and financial system strength, access and inclusion, (v) strengthening of the food and agribusiness sector, (vi) regulatory cooperation, (vii) transparency, (viii) human capital and innovation, (ix) digital trade and economy, (x) health, and (xi) gender. The project will continue to leverage the Americas Business Dialogue (ABD) , a private-sector driven initiative facilitated by the Bank to foster a high-level policy dialogue between the business and political leaders of the region.

III. Description of Activities and Outputs

- 3.1 **Component I: Development of policy recommendations, public-private partnerships and monitoring and evaluation activities.** Support the private sector in identifying priorities, recommendations, assessing gaps, and developing public-private partnerships to foster their adoption. This process will be conducted through ABD's working groups and will include consultancies and sectoral studies, as well as supporting IDB's borrowing member countries with national consultations. The component will also finance a consultancy to maintain ongoing engagement with the host country, and, conduct regular follow up activities.
- 3.2 **Component II: CEO Summit of the Americas.** Organization and hosting of a summit of high-level business leaders and Heads of State to be held in parallel to the IX Summit of the Americas that will take place in the United States in 2021 or early 2022. Since the event is expected to be a face-to-face meeting, this component will finance the hiring of a logistics firm and local providers to organize and carry out the event.
- 3.3 **Component III: Support to investment attraction.** Support investment attraction efforts to be undertaken by the countries of Latin America and the Caribbean in the framework of the CEO Summit of the Americas. The event offers a unique opportunity to highlight specific investment opportunities in the countries of the region and to connect senior government officials with potential investors interested in doing business in the region.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Development of policy recommendations, public-private partnerships and	US\$180,000.00	US\$0.00	US\$180,000.00

monitoring and evaluation activities			
CEO Summit of the Americas	US\$520,000.00	US\$0.00	US\$520,000.00
Support to investment attraction	US\$200,000.00	US\$0.00	US\$200,000.00
Total	US\$900,000.00	US\$0.00	US\$900,000.00

V. Executing Agency and Execution Structure

5.1 This operation will be executed by the Integration and Trade Sector (INT/INT), in accordance with the Bank's Technical Cooperation Policy GN-2470-2 and with Annex 10 of Document GN-2629-1.

5.2 Two major reasons justify the project execution by the Bank:

a. 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 of the member countries;

b. The Bank, through INT in particular, has gained invaluable know-how in the execution of international initiatives in partnership with the private sector in order to implement public private dialogue forums and knowledge development projects, including 2007, 2011, and 2017, and 2019 Korea–LAC, 2008 Asia–LAC, 2010 and 2013 China LAC, 2013-2015 JAPAN–LAC, Outsource2LAC 2011-2017, the 2012, 2015 and 2018 CEO Summit of the Americas; the 2014 LAC Global Summit; the 2016 Ibero American Business Summit and the 2017 Brazil Investment Forum, among others.

We will continue to coordinate with PPP/VPC and IDB Invest in the execution of this TC and in the work of the recommendations of the ABD.

VI. Project Risks and Issues

6.1 The success of the project will depend on a significant level of engagement and participation of the private sector representatives and government officials. To mitigate the risk, the Bank will execute an aggressive and extensive dissemination campaign and follow-up of the invitations to ensure that government officials and private sector leaders actively participate in the activities under Component II and by engaging relevant stakeholders and private sector representatives in the activities from the start of the TC and through an intensive follow-up strategy to also ensure the success of components I and III.

VII. Environmental and Social Classification

7.1 The ESG classification for this operation is "C".