

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Private Sector-led Integration of the Americas
▪ TC Number:	RG-T3009
▪ Team Leader/Members:	FERNANDEZ DE SOTO, CAMILO (INT/TIN) Team Leader; DE MICHELE, ROBERTO (IFD/ICS); IRIGOYEN, JOSE LUIS (INE/INE); BENDERSKY, MATIAS (ORP/PTR); ESTEVES, YASMIN (INT/TIN); ROSPIDE, MARIA DE LA PAZ (INT/INT); VILLANUEVA, MARIA TERESA (SCL/GDI); GARCIA CURE, CATALINA (INT/TIN); JAIME RAMIREZ, MARGIE-LYS (LEG/SGO); LUTZ, LIZA M. (LEG/SGO); SFORZINI, NICOLAS VICTOR NORBERTO (FNA/ASM); GRILLO, CATALINA MARIA (INT/TIN); GOMEZ GONZALEZ, MARIA MARGARITA (INT/INT); IMANA, ZAIDA VICTORIA (INT/TIN)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	28 Jul 2017
▪ Beneficiary:	Regional
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$850,992.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	12 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	Trade & Investment
▪ Unit of Disbursement Responsibility:	Trade & Investment
▪ 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:	

II. Objective and Justification

- 2.1 World trade in goods, which had been stagnant since the middle of 2011, entered into a recessive phase in the second half of 2014. Since then the value of global merchandise exports has been contracting, leading to a more prolonged slowdown in trade than the one triggered by the financial crisis of 2008–2009. Likewise, trade in services fell for the first time since the crisis. In lockstep with world trade, the value of exports from Latin America and the Caribbean (LAC) also began to decline in the second half of 2014, and the fall had been accelerating since. This double-dip resulted from two factors: first, weak growth in the region's main trading partners, which affected demand for its exports; second, a historic correction in the region's terms of trade due to reductions in the prices of key export goods. However, in 2017, global economic growth is set to rise, strengthened by rising demand from the United States but with considerable uncertainty regarding economic policies, thus making important for the region to work together. In LAC, after four consecutive years of contraction, exports recorded a positive year-on-year growth rate at the onset of 2017. In the year's first quarter, the value of goods exports increased 17%, compared to the same period of 2016. The region needs to find ways to boost growth without large fiscal outlays. In this uncertain world and the Bank argues that deepening integration in the region allowing the countries to reap the full rewards of trade would provide such a mechanism.

- 2.2 The project's goal is to act upon opportunities for strengthening regional integration led by the private sector in specific sectors, particularly through specific policy recommendations and Public-Private partnerships. The project will target, among others: (i) trade facilitation, logistics and border management, (ii) infrastructure and communications, (iii) energy integration and energy efficiency, (iv) project financing, capital markets development and regional financial regulatory cooperation and integration, (v) strengthening of the agribusiness sector, (vi) regulatory cooperation, (vii) transparency, (viii) human capital and innovation, and (ix) digital trade and economy. Additionally, the project will consider issues that are deemed critical to accelerating and sustaining regional integration, particularly economic empowerment of women and gender equality.
- 2.3 The objectives and activities of the project correspond to the Bank's Strategy for Regional Integration (GN-2469-2, GN-2470-2, GN-2565-4) in that they seek to further trade, investment and regional integration. Furthermore, the project is entirely consistent with the objectives set out for the Ordinary Capital Strategic Development Program for Integration Fund as set out in document GN-2819-1 and its results matrix, specifically that of supporting "the harmonization of policies and procedures for greater productive integration; (ii) strengthen the Bank's borrowing member countries' capacities to engage in regional initiatives; (...) and, (v) deepen knowledge in global and regional integration" by promoting multi-stake holders consultations, developing sector and sub sector assessments and proposing policies and actions plan developed through Public-Private dialogue and particularly through the Americas Business Dialogue (ABD) working groups. Likewise, the project also seeks to promote transparency with strong institutions and promote gender equality and economic empowerment of women which are consistent with the Bank's priorities also through ABD's recommendations.

III. Description of Activities and Outputs

- 3.1 Component I. Facilitation of private sector interaction and decision-making. the objective of facilitating the interaction of the private sector of LAC for the purposes of identifying the opportunities for strengthening integration in the region and developing policy recommendations and Public-Private partnerships to address them to ultimately coalesce around a set of proposals. This interaction will take place in the framework of the 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. It will be organized around cross-regional sector-specific working groups, involving both business associations and key business leaders, that will target regional integration and attempt at generating a consensus about the strategic priorities to increase trade and investment opportunities, foster human capital, promote transparency and strengthen institutions, promote gender equality and economic empowerment of women, encourage regulatory cooperation and improve infrastructure in the region and the specific policies that are required to build a regional agenda that promotes social and economic development for all LAC countries. The Bank will provide operational and substantive support to ABD to allow participants to engage in a concrete and technically substantiated exchange of ideas to provide specific policy recommendations and Public-Private partnership proposals. Component II. CEO Summit of the Americas. As in previous editions under the leadership of the Bank, in Cartagena in 2012 and in Panama in 2015, hosting more than 850 CEOs and 13 Heads of State, the aim of this component is to provide the institutional setting for an ongoing, constructive and effective dialogue between high-level government officials and business leaders that can translate into Public-Private partnerships to act upon opportunities to improve and strengthen regional integration. This objective involves the organization and hosting of a summit of high-level business leaders to be held in parallel to the Eight Summit of the Americas that will take place in Peru in 2018. This forum will be attended not only by CEOs of leading companies from the Americas but also by Heads of State and other high-level

government officials and policy makers. It will constitute an ideal setting in which the private-sector will present the policy recommendations and Public-Private partnership proposals developed in the framework of the ABD, thus initiating a constructive and effective exchange of ideas and interaction with the public sector through which a consensus can be developed about the key strategies and policy proposals that can strengthen and deepen the regional integration and promote intraregional trade and investment opportunities. Component III. Knowledge Development: Technical Reports and White Papers. The final component aims at developing the knowledge that will allow participants in the Americas Business Dialogue to properly identify substantive policy recommendations and Public-Private partnership proposals during their interaction with high-level public officials. The component will conduct research and draft technical reports carried out by the ABD. The technical reports will be prepared by experts working together with the Bank's Divisions to ensure synergies. A final report with ABD's recommendations to the Heads of State will be constructed.

- 3.2 **Component I: Component I. Facilitation of private sector interaction and decision-making - Support and coordination to the ABD.** Support and coordination to the ABD.
- 3.3 **Component II: Component II. CEO Summit of the Americas - Logistic Organization of the Summit (venue, translation, transportation, audiovisual materials, dissemination, etc.).** Logistic Organization of the Summit (venue, translation, transportation, audiovisual materials, dissemination, etc.).
- 3.4 **Component III: Component II. CEO Summit of the Americas - Travel expenses of panelists.** Travel expenses of panelists.
- 3.5 **Component IV: Component II. CEO Summit of the Americas - Follow up and evaluation of results.** Follow up and evaluation of results.
- 3.6 **Component V: Component III. Knowledge Development: Technical Reports and White Papers. Draft of technical reports and white papers and preparation of policy proposals and Public-Private partnership proposals.** Draft of technical reports and white papers and preparation of policy proposals and Public-Private partnership proposals.
- 3.7 **Component VI: Monitoring and Evaluation. Design and execution of a strategy to evaluate the results and communicate them effectively.** Design and execution of a strategy to evaluate the results and communicate them effectively.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I. Facilitation of private sector interaction and decision-making - Support and coordination to the ABD	\$ 100,000.00	\$ 0.00	\$ 100,000.00
Component II. CEO Summit of the Americas - Logistic Organization of the Summit (venue, translation, transportation, audiovisual materials, dissemination, etc.)	\$ 500,000.00	\$ 0.00	\$ 500,000.00
Component II. CEO Summit of the Americas - Travel expenses of panelists	\$ 80,992.00	\$ 0.00	\$ 80,992.00
Component II. CEO Summit of the Americas - Follow up and evaluation of results	\$ 20,000.00	\$ 0.00	\$ 20,000.00
Component III. Knowledge Development: Technical Reports and White Papers. Draft of technical reports and white papers and preparation of policy proposals and Public-Private partnership proposals	\$ 130,000.00	\$ 0.00	\$ 130,000.00
Monitoring and Evaluation. Design and execution of a strategy to evaluate the results and communicate them effectively	\$ 20,000.00	\$ 0.00	\$ 20,000.00

V. Executing Agency and Execution Structure

- 5.1 This operation will be executed by the Trade and Investment Division of the Integration and Trade Sector (INT-TIN), in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2).
- 5.2 Two major reasons justify the project execution by the Bank: (i) 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; and (ii) The Bank, through INT-TIN 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 and 2011 Korea–LAC, 2008 Asia-LAC, 2010 and 2013 China–LAC, 2013-2015 JAPAN–LAC, Outsource2LAC 2011-2017, the 2012 & 2015 CEO Summit of the Americas; the 2014 LAC Global Summit; the 2016 Ibero-American Business Summit and the 2017 Brazil Investment Forum, among others.

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".