

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Technology Solutions for the Internationalization of SMEs During and After the Coronavirus Pandemic
▪ TC Number:	RG-T3727
▪ Team Leader/Members:	Estrazulas De Souza, Francisco Hugo (INT/TIN) Team Leader; Jimenez Orjuela, July Emperatriz (INT/INT) Alternate Team Leader; Arias Urones, Ana (INT/TIN); Boibo Mouta, Alejandra (LEG/CLA); Corcuera-Santamaria, Sandra (INT/TIN); Esteves, Yasmin (INT/INT); Gomez Gonzalez, Maria Margarita (INT/TIN); Greco, Maria Sofia (LEG/SGO); Quilez Llopis, Alba (INO/FNP); Rospide, Maria De La Paz (INT/TIN); Zegarra, Levi (INT/TIN) De Souza, Francisco Hugo (INT/TIN) Team Leader; Jimenez Orjuela, July Emperatriz (INT/INT) Alternate Team Leader; Arias Urones, Ana (INT/TIN); Boibo Mouta, Alejandra (LEG/CLA); Corcuera-Santamaria, Sandra (INT/TIN); Esteves, Yasmin (INT/INT); Gomez Gonzalez, Maria Margarita (INT/TIN); Greco, Maria Sofia (LEG/SGO); Quilez Llopis, Alba (INO/FNP); Rospide, Maria De La Paz (INT/TIN); Zegarra, Levi (INT/TIN)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	n/a
▪ Date of TC Abstract authorization:	17 Jun 2020.
▪ Beneficiary:	Micro, Small and Medium Enterprises in Latin America and the Caribbean
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Integration(RIN)
▪ IDB Funding Requested:	US\$300,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	2 years
▪ Required start date:	October 2020
▪ Types of consultants:	Firms and 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:	Economic integration

II. Objectives and Justification of the TC

- 2.1 The Latin American and Caribbean (LAC) region is expected to shrink between 4.6% and 5.2% because of the coronavirus pandemic¹. Micro, Small, and Medium Enterprises (MSMEs) are 99.5% of firms in our region and employ 60% of LAC formal

¹ <https://blogs.worldbank.org/latinamerica/we-must-fight-pandemic-without-putting-latin-americas-recovery>

productive employment. They are a central pillar of our regional economy, contributing one quarter of the region's total productive value².

- 2.2 At the same time, MSMEs are the type of firms most vulnerable to the effects of the coronavirus pandemic³. For instance, in Brazil, 59% stopped operating, weekly revenues decrease by 69%, and over 50 of firms report difficulties finding suppliers. In Mexico, 8 out of 10 MSMEs, which employ 75% of the workforce and contribute 50% of GDP, are at risk of closing in the coming weeks.
- 2.3 Online business matchmaking tools and e-learning have become essential for LAC businesses. Quarantine measures to prevent the spread of the virus have drastically limited how firms can meet potential new clients, suppliers, partners, and other opportunities. Fairs, business forums, trade missions, and similar activities have been cancelled or postponed. Therefore, online business matchmaking tools have become the only business development mechanism available also, online training is, how firms can strengthen the skills of their personnel.
- 2.4 ConnectAmericas (CA) is an IDB-led initiative designed to help LAC SMEs internationalize. It consists of: (i) an online platform (connectamericas.com) where users can apply to procuring announcements from corporations and governments, contact any of the 400,000 registered business people, access e-learning tools (online courses, webinars, videos, articles, and self-assessment tools), and apply to receive financing from local banks); and (ii) a series of face-to-face, sector or geography-specific business matchmaking events that connect LAC SME exporters with buyers from all over the world —these include, LACFlavors, Outsource2LAC, ChinaLAC, JapanLAC, KoreaLAC, and DubaiLAC.
- 2.5 ConnectAmericas.com prioritizes, designs, and assesses all its features and contents through participatory methodologies and tools that collect CA users' perspectives and needs. In line with this way of working, during the first days of the pandemic, the CA team carried out 80 interviews with firms, Trade Promotion Organizations (TPOs), and chambers of commerce to better understand the challenges that the pandemic was imposing. Based on this information, the CA team put together a COVID 19 Response strategy consisting of three key fronts of actions: Online Business Matchmaking, Technology for Export Promotions, and Contents for Businesses.
- 2.6 During the first weeks of the pandemic, the CA team has focused on piloting these tools before rolling them out throughout the region. It carried out LACFlavors Virtual, a business matchmaking that connected buyers and sellers in the food and beverage sector. The event generated US\$1.76 million in reported deals and feedback from participants was positive.
- 2.7 On the technology, the CA team has developed a portfolio of four technology solutions to offer to TPOs to help strengthen the web-based services they provide to LAC exporters. These are: a Whitelabel of CA (a customized, TPO-branded online platform for SME internationalization), a Whitelabel of the CA mobile app (an Android and iOS solution containing purchasing announcements, the database of CA registered firms, and an internal messaging system), an online business matchmaking event⁴, and Application Programming Interfaces (APIs), so that TPOs can display CA contents on

² https://www.oecd-ilibrary.org/development/latin-america-and-the-caribbean-2019_ff4803b5-en

³ See report [here](#).

⁴ Using the same software used for LACFlavors.

their existing web platforms⁵. CA has successfully implemented Whitelabels in the past⁶. Also, over the past weeks it developed the capability of offering the CA mobile app as a Whitelabel, and has conceptualized and put together a plan to establish a dedicated landing page where TPOs can find information and connect with the CA APIs.

- 2.8 The CA team interacts daily with Trade Promotion Organizations in the region. Before preparing this TC, the CA team approached TPOs to gauge interest. Below are the results of this demand assessment:

Entidad	País	WL CA	WL Mobile	Virtual Matchmaking Event	API Integration
APEX	Brasil	Under Analysis	No	Yes	No
ALINVEST	Regional	No	No	Yes	No
COLOMBIA PRODUCTIVA	Colombia	Yes	No	Yes	No
PROCHILE	Chile	No	No	Yes	Under Analysis
PROECUADOR	Ecuador	Yes	No	Yes	No
PROMPERU	Peru	No	No	Yes	Yes
SECRETARIA DE ECONOMIA	Mexico	Yes	No	Yes	No
URUGUAY XXI	Uruguay	Under Analysis	Under Analysis	Yes	No
PROMENDOZA	Argentina	Yes	No	Yes	No
ENTRE RIOS	Argentina	Yes	No	Yes	No
PROPANAMA	Panama	Yes	No	Yes	No
PROCOMER	Costa Rica	Under Analysis	Under Analysis	Under Analysis	Under Analysis
PROESA	El Salvador	Under Analysis	Under Analysis	Under Analysis	Under Analysis
JAMPRO	Jamaica	No	No	Yes	Yes
REDIEX	Paraguay	Yes	No	Yes	No
PROBOLIVIA	Bolivia	Under Analysis	Under Analysis	Under Analysis	Under Analysis
AGEXPORT	Guatemala	No	No	Yes	Yes
EXPORTT	Trinidad and Tobago	Under Analysis	Under Analysis	Under Analysis	Under Analysis

- 2.9 On the contents front, since the beginning of the pandemic, CA has focused on producing the following types of content: original articles, translations of relevant articles from countries first affected by the pandemic, video interviews with businesspeople, webinars, and a 6-episode podcast series. All these contents are directed to a business audience, and seek to provide concise, practical information that can contribute to businesses resilience and recovery. These contents have

⁵ To implement the APIs solution, TPOs will have to carry out development work within their websites to define where and how CA contents will be displayed.

⁶ These are: www.compralonuestro.co, www.redalinvest.com, www.pm4r.org, platform.africainvestmentforum.com/. Compra lo nuestro has become the government-endorsed online platform to connect supply and demand during the COVID 19 pandemic (see [article](#) in Spanish).

generated significant engagement on connectamericas.com, and the CA social media accounts.

- 2.10 **Objective.** The objective of this TC is to contribute to the resilience and recovery of LAC MSMEs during the COVID-19 pandemic by expanding access to technology solutions that promote business connections and learning. CA would offer these solutions by organizing online business matchmaking events, publishing, and disseminating relevant content through connectamericas.com, and providing a portfolio of four technology solutions to LAC TPOs. The key activities are to: (i) develop Whitelabels and APIs for TPOs; (ii) carry out ten online business matchmaking events; and (iii) produce and disseminate COVID related contents for businesses.
- 2.11 **Benefits for MSMEs.** The CA Whitelabels and APIs offer MSMEs a platform with purchasing announcements, tenders, business support services, events, communities that are particularly relevant in their countries. Also, they will be able to access all contents and services offered by their TPOs more quickly than in CA where there is information from hundreds of organizations. Such “tailoring” increases value for users, and, thus, engagement. Indirect beneficiaries of this TC will be all the firms that provide inputs, and well as goods and services related to foreign trade, to LAC MSMEs. The employees of the firms that will benefits from the program will also be indirect beneficiaries.
- 2.12 **TPOs.** TPOs are the official trade promotion organizations of the 26 borrowing members countries. These organizations exist to help firms export more and to more destinations through set of actions that include, trade missions, fairs, technical training, business matchmaking events, market access studies, and more. Since COVID, many of these activities had to be cancelled due to social distancing. Therefore, many of the TPOs have approached IDB in search for support in offering technology solutions to exporters. The CA technology solutions will be formally offered to all 26 official TPOs in IDB borrowing member countries. Any TPO that expresses interest in implementing any of the technology solutions will participate in the program as long as they can commit the staff necessary to implement the solutions.
- 2.13 **Alignment.** Firstly, these objectives and activities are aligned with the Bank’s Update to the Institutional Strategy (AB-3190-2) as it contributes to diversifying LAC’s export offering, distributing access to trade within the countries, and establishing production sharing schemes. The proposed activities address one of the causes of limited economic integration: the high concentration of exports in a few volatile commodities or unsophisticated manufactures. On this front, the activities will focus on making technology tools available to a diverse set of firms that sell valued added goods and services. In addition, the contents that will be created will focus on standards, certifications and good practices required for products with added value, and services to access foreign markets.
- 2.14 Secondly, the operation’s objectives and activities are also aligned with the Bank’s Strategy for Global and Regional Integration (GN-2565-4) as it will facilitate regional commerce and promote the internationalization of SMEs, thereby increasing the demand for trade-related infrastructure (e.g. transportation and customs).
- 2.15 This TC is also aligned with the Integration and Trade Sector Framework Document (GN-2715-11). Specifically, the TC focuses on the following principles that guide IDB’s work on trade and integration: (i) support for small and medium-sized companies in

their internationalization processes; and (ii) specific consideration of gender and climate change to promote the sustainability of the interventions⁷.

- 2.16 Finally, this TC is aligned with the Strategic Development Program for Integration (RIN) (GN-2819-1) by seeking to strengthen the Bank's borrowing member countries' capacities to engage in regional initiatives. The TC will provide technology tools as well as technical training to help trade promotion organizations provide better quality online services to exporting MSMEs.
- 2.17 **Relevant lessons learned.** Over the past 6 years, CA has generated the following lessons learned that are relevant to the implementation of CA technology solutions and business matchmaking events. The successful implementation of tech solutions and events depends on: (i) TPOs dedicating a committed team (in the case of tech solutions, for design, content generation, and dissemination, and, in the case of events, for identifying buyers, providing support to users during registration and the implementation of the events, and for dissemination), (ii) TPOs designing compelling dissemination strategies in their own country and abroad, and (iii) TPOs ability to work with local and international partners to increase reach.
- 2.18 **Relevant pilots.** All the tools being offered to TPOs and implemented by CA under this TC have been successfully implemented in the past. Since the start of COVID, CA has implemented 5 virtual matchmaking events, where 2300 businesspeople participated and generated over \$48 million in reported deal. Demand for these events from TPOs, Chambers of Commerce business associations, and the SMEs themselves is strong. There are currently six CA Whitelabels in operation. These have generated over 50,000 registrations in the past six months. In the case of Colombia, the Whitelabel has become the platform that the government is using to facilitate domestic linkages between firms in response to the pandemic.
- 2.19 **Expected results.** 24,000 businesspeople are expected to consume the articles, videos, and webinars created through this TC. Also, 500 B2B one-on-one meeting will be held. Also, 5000 women are expected to access the contents generated through this TC.
- 2.20 **Involvement of country offices.** The country offices will be informed about the collaboration between CA and the local TPO. Country office personnel is not expected to participate in the delivery of the solutions or the implementation of the business events.

III. Description of activities/components and budget

- 3.1 **Component I. Develop Whitelabels, and APIs for TPOs (US\$210,000).** CA will use the funds of this TC to engage internal and external consultants to carry out the following activities: (i) onboarding and customization/requirements mapping with TPOs; (ii) development of technology solutions in coordination with TPOs; (iii) train TPO personnel on the management, dissemination, and monitoring and evaluation of the Whitelabel (through live sessions, and manuals); (iv) produce standardized and on-demand reports of activity on the Whitelabels; (v) provide technical assistance to TPOs that seek to develop additional features and functionalities for the Whitelabels;

⁷ Inter-American Development Bank, Integration and Trade Sector Framework Document (October 2019), pg. 32.

(vi) create an API landing page; and (vii) cover the cost (up to US\$3000) of integrating CA APIs into the TPO existing websites.

3.2 Component II. Carry out ten business matchmaking events (US\$40,000). CA will use this TC's funds to engage [MyBusinessMatches](#)⁸ through a single sourcing contract to license 10 business matchmaking events⁹. CA will also use the funds to engage consultants that will carry out the conceptualization, implementation, and evaluation of the matchmaking events. These consultants will assist users through the entire process, coordinate with MyBusinessMatches all customizations required for each event, coordinate work with the CA marketing team, and produce reports for each event.

3.3 Component III. Produce contents and marketing (US\$50,000). CA will use funds to engage consultants to produce multi-media content for a business audience focusing on matters related to COVID-19, international trade, and business strategy and management. The contents can include massive online open courses, webinars, videos, articles, TED-style presentations, podcasts, and other tools. CA contents respond to a widespread need in our region: MSMEs need knowledge and tools that are Personal (this content speaks to the user's role as entrepreneur or businessman/woman. For example, they help them to better manage their time, to identify paradigms that are limiting their development, or to identify opportunities to continue preparing and educating themselves on the most relevant trends for their sector, among others), Business (this content refers to the small and medium-sized company, and anything that might be relevant to its management. For example, how to better manage cash flow, where to begin when exploring a new e-commerce channel, how to design better marketing materials, or how identify diversification opportunities for its client portfolio or supply chain, among others), and Context/environment (this content refers to the different markets and contexts in which the SMEs operate. They can provide information about the characteristics of the market of origin and/or destination of their exports: tariffs, trade agreements, characteristics of market demand, etc). The result of this component is to reach 24,000 people with these contents.

Indicative Budget (in \$US)

Activity/Component	Description	TC Funding	Counterpart Funding	Total Funding
Component I	<ul style="list-style-type: none"> CA Whitelabel development¹⁰ CA Mobile App Whitelabel Development API Landing Page Development Financial support for API implementation by TPOs 	210,000	0	210,000

⁸ INT and MyBusinessMatches have worked together in the organization of over 30 business matchmaking events, and forums. Throughout the years, they have collaborated in making improvements to the matchmaking software and conceptualizing the virtual matchmaking events platform.

⁹ The service to be provided by MyBusinessMatches consists of: creating the event in the matchmaking platform (landing page, tailored registration form), training personnel from the TPO (how to provide support to users in the platform, access the platform's dashboards to monitor user activity before and during the event), offering technical support to TPO personnel before and during the event, creating an event report.

¹⁰ Total amount to be spent on making these technology solutions available will be US\$250,000. The break down between the different solutions will depend on demand from TPOs and cannot be estimate at this time.

Activity/Component	Description	TC Funding	Counterpart Funding	Total Funding
	<ul style="list-style-type: none"> Support personnel 			
Component II	<ul style="list-style-type: none"> Matchmaking software Support personnel 	40,000	0	40,000
Component III	<ul style="list-style-type: none"> Content and marketing consultants Marketing materials Online marketing 	50,000	0	50,000
TOTAL		300,000	0	300,000

IV. Executing agency and execution structure

- 4.1 This operation will be executed by the Integration and Trade Sector (INT/INT) through the Trade and Investment Division (INT/TIN) of the Inter-American Development Bank, in accordance with the Bank's Technical Cooperation Policy.
- 4.2 A primary reason that justifies the execution of the project by the IDB's Integration and Trade Sector (INT/INT): (i) INT has designed, developed, disseminated, and managed ConnectAmericas.com platform; (ii) INT/INT has successfully designed and deployed CA Whitelabels, and its Whitelabels; and (iii) INT/INT has over 10 years of experience implementing face-to-face and virtual matchmaking events.
- 4.3 All activities to be executed under this TC have been included in the Procurement Plan (see Annex) and will be contracted under 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.
- 4.4 The firm that provides the online business matchmaking platform will be engaged through a single-sourcing contract. Firstly, this is the case because the work will be "continuation of previous work carried out by the firm" since CA has been working with MBM for over 10 years. This means that CA has already developed the manuals and training sessions on how to use the platform that will be offered to the TPOs. Secondly, it is because only "one firm is qualified or has experience of exceptional worth for the assignment and it presents a clear advantage over competition". MBM's database is integrated with the CA database, therefore, all participants can automatically become CA users. Developing such integration with a different platform would be entail an unnecessary cost and delay.
- 4.5 INT/TIN will be responsible for the technical aspects of the project, and basic administration.

V. Major issues

- 5.1 The success of the project will depend on ensuring a significant level of engagement and participation of TPOs both, in the short term, during the design and development of the solutions, and, in the medium and long term, once the solutions are operational and TPOs are expected to keep uploading contents and promoting the solutions. The operation will mitigate the risk by engaging these users and stakeholders in the activities from the start of the TC and through an intensive promotion strategy during the Components' preparation. This promotion strategy will involve obtaining buy in from the head of the TPOs and the designation of a team at the TPO to implement the

solutions. Also, during implementation, each TPO will have a CA account manager that will provide support and keep them active throughout the process. Also, since the beginning of the pandemic, TPOs have requested on multiple occasions support from INT/INT to provide technology solutions that would help MSMEs be more resilient during the COVID-19 pandemic. This interest lowers the risk of low engagement.

VI. Exceptions to Bank policy

6.1 No exceptions to Bank policies were identified.

VII. Environmental and Social Strategy

7.1 This operation does not present environmental and social risks as its main activities are centered on the use of an internet-based platform designed to offer MSMEs access to (i) purchasing announcements from international buyers, (ii) learning materials (iii) relevant information about financing. This operation has been classified under the "C" category in accordance with the Environment and Safeguards Compliance Policy (OP-703) (see [Safeguards Analysis Report](#) and [Safeguard Policy Filter Report](#)).

Required Annexes:

[Results Matrix - RG-T3727](#)

[Terms of Reference - RG-T3727](#)

[Procurement Plan - RG-T3727](#)