

TC Document RG-T3558

I. Basic Information for TC

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| ▪ Country/Region: | REGIONAL |
| ▪ TC Name: | Knowledge Exchange and Research on Korean Experience with Infrastructure Services for Latin America and the Caribbean |
| ▪ TC Number: | RG-T3558 |
| ▪ Team Leader/Members: | Serebrisky, Tomas Sebastian (INE/INE) Team Leader; Garcia Ferro, Luz Angela (KIC/KLD) Alternate Team Leader; Mokate, Karen M. (KIC/KLD) Alternate Team Leader; Barbosa Taves De Gouvea, Heleno (ORP/REM); Bonifaz Urquizu, Jeanette (INE/ENE); Florez Toro, Victoria Eugenia (ORP/REM); Pastor Vargas, Cinthya (INE/INE); Verissimo Da Silva, Carolina (LEG/SGO) |
| ▪ Taxonomy: | Research and Dissemination |
| ▪ Operation Supported by the TC: | . |
| ▪ Date of TC Abstract authorization: | 18 Sep 2019. |
| ▪ Beneficiary: | All the borrowing member countries of the Inter-American Development Bank |
| ▪ 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\$292,950.00 |
| ▪ Local counterpart funding, if any: | US\$0 |
| ▪ Disbursement period (which includes Execution period): | 16 months |
| ▪ Required start date: | September 2019 |
| ▪ Types of consultants: | Firm |
| ▪ Prepared by Unit: | INE-Infrastructure and Energy Sector |
| ▪ Unit of Disbursement Responsibility: | INE-Infrastructure and Energy 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; Institutional capacity and rule of law; Environmental sustainability |

**PLEASE NOTE THAT THIS OPERATION WAS DISTRIBUTED TO QRR ON FEBRUARY 25th 2019, WITH THE FOLLOWING OPERATION NUMBER: RG-T3306. THE MINUTES OF THAT QRR ARE INCLUDED AS AN ANNEX. THE ONLY DIFFERENCE IS THE OPERATION NUMBER. THE OBJECTIVES, ACTIVITIES, COMPONENTS, BUDGET, AND FUNDING SOURCE REMAIN THE SAME.*

II. Objectives and Justification of the TC

- 2.1 The Republic of Korea (Korea) is a leader in infrastructure and technology adoption. According to the latest Global Competitiveness Report 2018, Korea is always among the top 10 (from 140 countries) in all pillars and sub-pillars of infrastructure. Also, it is in the first place in Information, communication and technology (ICT) adoption.
- 2.2 Korea managed to increase significantly its stock of infrastructure assets in a relatively short period of time. In fact, 50 years ago, Korea had the same levels of gross domestic product (GDP) per capita than Latin America and the Caribbean (LAC). However,

between the 70s and 80s Korea managed to take off and today it is a high-income country. While Korea successfully closed its infrastructure gap, and now is widely recognized for its quality in the provision of services due to different management models, LAC still has a pending task concerning infrastructure and its role in economic growth.

- 2.3 The IDB recognizes the efficiency of Korea in the management of services and has organized several study trips of the Water and Sanitation, Transport and Energy divisions with LAC officials to obtain lessons and good practices that could be implemented in LAC.
- 2.4 The specific objective of this technical cooperation (TC) is to identify technical know-how and qualified experience from Korea in the preparation, management, and measurement of smart infrastructure services, in order to complement and strengthen national and regional technical capacities in this area in LAC countries. A particular emphasis will be placed on identifying and disseminating Korean experiences with policy frameworks which were used to manage smart infrastructure services and to improve the efficiency of the services.
- 2.5 The primary research and knowledge produced through this TC will explore the value of the Korean experience to address the questions: How can LAC change the focus of infrastructure investments from the focus of the creation of assets to delivery of services? How can the region learn from Korea to improve infrastructure services today and prepare for the future?
- 2.6 The knowledge produced will serve as input for the 2020 edition of the IDB flagship publication Development in the Americas (DIA): Improving LAC Infrastructure Services: for today and for the future. To that end, the primary research produced through this TC will deliver major inputs for the three sections of the book: (i) Changing the focus to infrastructure services, and assessing infrastructure services in LAC, (ii) How to improve infrastructure services today: the role of institutions, regulations and policies on the performance of infrastructure services in LAC; and (iii) Preparing for the future: sustainability, innovation and financing dimensions.
- 2.7 The TC is consistent with the Update to the Institutional Strategy 2010-2020 (AB-3008) and is aligned with the development challenge of Productivity and Innovation by deepening the knowledge of other regions and their experiences, and to identify lessons learned in development that may contribute to LAC's development. The TC is also aligned with the cross-cutting theme of Environmental Sustainability and Institutional Capacity and Rule of Law.
- 2.8 The Public Capacity Building Korea Fund for Economic Development (KPC) has approved the financing of all of the activities proposed in this TC.

III. Description of activities/components and budget

- 3.1 This TC will be executed in a 16-month time framework and will include the following components:
- 3.2 **Component I:** Analysis of Experience and Preparation of Knowledge Products. Three cases studies will be selected by the IDB (INE Front Office) based on the Korean experience in the preparation, management and measurement of infrastructure services, and in the infrastructure services needs of LAC countries. Specifically, cases of smart infrastructures such as Intelligent Transport Systems, Smart Water Management and Integrated Waste Treatment System; and Smart grid or smart metering of Korea; which will be reviewed and appraised from the perspective of LAC (considering the pertinence of controlling for country-specific characteristics and path-dependence). The studies will consider: (i) policy frameworks used to manage smart

- infrastructure services, particularly in transportation, water and sanitation, and electricity; ii) the use of technology to improve efficiency of infrastructure services. on the Korean experience.
- 3.3 The IDB will be hiring the Korean Development Institute (KDI) firm to undertake the research and carry out analyses. The research and analyses will be documented in case studies by the KDI and disseminated by the IDB among internal and external Bank audiences.
 - 3.4 The case studies will be selected by the IDB (INE Front Office) based on the following criteria: (i) Innovation in technology adoption. (ii) Proven significant impact on the quantity and quality of the provision of infrastructure services, (i.e. cases of using technology to reduce congestion and increase road safety, Smart metering to reduce water consumption or to control losses in distribution). (iii) Possibility of using the technologies implemented in the largest number of LAC countries.
 - 3.5 The case studies will be disseminated in the IDB website as well in sectorial blogs as part of the 2020 edition of the IDB flagship publication DIA.
 - 3.6 **Component II: Knowledge Exchanges.** The results of the research will be presented and discussed in face-to-face knowledge exchanges between members of the KDI, IDB specialists and policymakers from LAC countries in charge of infrastructure matters to report the findings and also to discuss how LAC could carry out similar smart infrastructure services initiatives to improve service efficiency. These exchanges will take place in a LAC country or in Washington DC as well as in Korea and they could include on-site visits of the Korean cases analyzed. The countries of the region, as their representatives, will be chosen according to the needs and priorities of the countries. It will take place in coordination with the heads of division of ENE, TSP, WSA. Prior to the commencement of activities to be financed by this TC in the Bank's member countries, the Bank will obtain the non-objection communications from the official liaison entity in the respective country. This TC will finance travel expenses for participants from the region including airfare, accommodation and per diem.
 - 3.7 **Indicative Budget:** The total cost of this TC will be US\$292,950 will be financed by the IDB through the Public Capacity Building Korea Fund.

Indicative Budget

| Activity/Component | Description | IDB/Fund Funding |
|--|---|--------------------|
| Component 1: Analysis of Experience and Preparation of Knowledge Products | 3 Study cases | US\$190,500 |
| Component 2: Knowledge Exchange | 2 Knowledge exchanges | US\$102,450 |
| Seminar in Washington or a LAC Country | Air tickets, accommodation for a two-day conference (10ppl country clients and 3 speakers from Korea) | US\$48,000 |
| Workshop in Korea | Air tickets, accommodation for a two-day conference (10ppl country clients) | US\$54,450 |
| Total: | | US\$292,950 |

IV. Executing agency and execution structure

- 4.1 This operation will be executed and disbursed by the IDB through the Infrastructure and Energy Sector (INE) with support of the Knowledge and Learning Division of the

Knowledge, Innovation and Communication Sector (KIC/KLD). This TC is of regional nature. Since no other regional entity with legal capacity to execute this TC could be identified and in order to guarantee the sustainability of the implementation of the project this TC is Bank executed. The Bank is ideally positioned, given its vast presence in the region, its capacity to engage the most relevant stakeholders, and its knowledge across all infrastructure sectors, to undertake the data collection and studies necessary to complete the project, and to disseminate the results among relevant actors in the region.

- 4.2 The supervision of this TC will be based in Washington DC. No supervision costs are foreseen.
- 4.3 The Bank will hire a consulting firm, in accordance with the Bank's current procurement policies and procedures. The following procurement policies will apply: for the contracting of consulting firms, the policies for the selection of consultants (GN-2765-1) and the operational guidelines (OP-1155-4), for the hiring of individual consultants, human resources standards (AM-650) and for expenses related to non-consulting services, corporate acquisition policies (GN-2303-20). The acquisitions must be reflected and carried out based on the provisions of the Procurement Plan.
- 4.4 It is expected that all the Bank's borrowing member countries will be beneficiaries of the outputs of this TC.
- 4.5 The Korean Development Institute (KDI) will be hired to perform the studies as well to co-organize one of the knowledge exchanges. The KDI is a policy-oriented national research organization established in 1971 by the Korean government. Over the last 40 years, the KDI has produced both national and international research and recommendations on fundamental economic and social issues which became invaluable contributions in supporting Korea's early economic and social development. Based on these experiences, the KDI is establishing a strong cooperative relationship with other countries and organizations especially in the field of international development. The Knowledge Sharing Program (KSP) is one of the examples which was launched in 2004 with the support of the Ministry of Strategy and Finance of the Korean government. Under the KSP, the KDI has been providing policy consultation and capacity building to disseminate development knowledge and experiences to 62 partner countries.
- 4.6 KDI possesses exceptional advantages both in technical and institutional aspects, which position it effectively to collaborate with the IDB in this TC. First, the KDI is the only agency which has participated in, documented and analyzed over 40 years of professional development experiences in Korea. It has unparalleled experience and reputation in relation to Korea's development experience. According to the 2018 Global Go To Think Tank Index Report , which assesses think tanks around the world, KDI ranked 5th top non-US think tanks worldwide and 1st top international development think tank. The personnel to be assigned to the TC will also be leading experts in each case study's sector. The KDI manages an expert pool across major sectors, which enables effective coordination of individual specialists for the TC including transport, energy, water and sanitation. Based on the Memorandum of Understanding between the IDB and KDI in 2010, both organizations have been developing new projects and programs in various areas as well as reinforcing and accumulating mutual cooperation.

V. Major issues

- 5.1 The value and usefulness of the knowledge shared through this TC will be undermined if the target audiences do not perceive and are unaware of the relevance of the Korean experience to current infrastructure challenges in LAC. To mitigate this risk, the project team will implement the following measures: i) Carefully analyze and specify the relevance of each of the chosen case studies (considering the pertinence of controlling for country-specific characteristics and path-dependence); and ii) Prepare a communications/dissemination plan that highlights the relevance of the cases and creates awareness of the value of this knowledge.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policies apply.

VII. Environmental and Social Strategy

- 7.1 According to the ESG classification, this operation deals with online capacity-building activities, so it entails no environmental and social risks. Based on the [Safeguard Policy Filter Report](#) and [Safeguard Screening Form](#) the TC was classified as category "C".

Required Annexes:

[Results Matrix_34146.pdf](#)

[Terms of Reference_46936.pdf](#)

[Procurement Plan_31488.pdf](#)