

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	Regional/IDB
▪ TC Name:	Capacity Building in Trade Innovation
▪ TC Number:	RG-T3417
▪ Team Leader/Members:	Shearer, Matthew Stone (INT/INT) Team Leader; Mejia Rivas, Isabel (INT/INT) Alternate Team Leader; Funes, Gerardo A (INT/INT); De Lara, Jesus (INT/INT); Contreras Huerta, Rodrigo Andres (INT/TIN); Rospide, Maria De La Paz (INT/TIN)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	13 Mar 2019
▪ Beneficiary:	All IDB borrowing member countries
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Integration & Trade Sector (INT/INT)
▪ Unit of Disbursement Responsibility:	Trade and Investment Division (INT/TIN)
▪ 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 Deliver practical training designed for a selected group of key Sector stakeholders and external clients, who will learn about best practices on the digital transformation of trade facilitation (port community systems, single windows for foreign trade, digital customs modernization, border economic development, blockchain logistics and artificial intelligence for trade) within the context of the 4th industrial revolution.
- 2.2 In 2010, the Report on the Ninth General Capital Increase of Resources of the Inter-American Development Bank (IDB) (AB-2764) (GCI-9), established that supporting global and regional integration was one of the Bank's five institutional strategic priorities, and proposed to increase lending to support regional cooperation and integration to 15 percent of the Bank's lending by the end of 2015. To implement this GCI-9 mandate on integration, in 2011 the IDB approved the Sector Strategy to Support Global and Regional Integration (GN-2565-4), which proposed simultaneous investments in the hardware (infrastructure for regional connectivity) and the software (regional policies and regulatory frameworks) of integration, connecting them with a comprehensive agenda for intra-regional South-South cooperation (SSC) and the generation of regional public goods.
- 2.3 In March 2015, through the Update to the Institutional Strategy 2010-2020 (AB-3008) (UIS), the IDB reaffirmed its commitment to work with the region to address three major inter-related development challenges: (i) social exclusion and inequality; (ii) low productivity and innovation, and (iii) limited productive integration. These development challenges are in turn impacted by three cross-cutting issues: (i) gender equality and diversity, (ii) climate change and environmental sustainability, and (iii) institutions and

the rule of law. Specifically, to increase integration beyond market access and foster production-sharing schemes, the UIS suggests carrying out activities in support of: (i) improving regional infrastructure; (ii) inserting firms into value chains; (iii) converging integration policies and instruments; and (iv) leveraging South-South and Triangular Cooperation.

- 2.4 Targeted capacity-building is one of the non-financial instruments recommended in the instrument compact of the Bank’s Integration Strategy and its Action Plan (GN-2653). Additionally, the update to the IDB’s Corporate Results Framework 2016-2019 (CRF), which sets out indicators and time-bound targets that allow for evidence-based monitoring of the implementation of the UIS, contemplates a specific indicator for capacity building on economic integration, which is aligned with Goal 17 of the United Nations’ Sustainable Development Goals “Strengthen the means of implementation and revitalize the global partnership for sustainable development”. The document aligning the Multi-Donor Regional Integration Fund (MFR) with the UIS (GN-2344-19) sets forth "Institutional strengthening, including activities to support regional integration and South-South Cooperation, both at the national and regional levels" as eligible for financing under the MFR.

### III. Description of Activities and Outputs

- 3.1 The TC will finance practical training designed for a selected group of key Sector stakeholders and high-level external clients, who will learn about best practices on the digital transformation of trade facilitation (port community systems, the single window for foreign trade, digital customs modernization, border economic development, blockchain logistics and artificial intelligence for trade) within the context of the 4th industrial revolution. Practical, operationally-oriented training will be delivered at selected logistics facilities or at countries' national customs agencies. The knowledge and materials presented will be analyzed by the participants of each event, which will serve as inputs for reports with recommendations on how to apply these best practices in their countries and for replication elsewhere in our region.
- 3.2 **Component I: Training in best practices to modernize trade facilitation.** On-site trainings will be held at selected facilities such as state-of-the-art maritime and/or land logistical ports in the Western Hemisphere, or countries’ national customs agencies where participants will gain first-hand applied knowledge on cutting-edge technologies aimed at facilitating trade in the 21st Century. Staff travel will be necessary to prepare and carry out the training events. The total amount of expenses for staff travel shall not exceed 10 percent of the total budget.
- 3.3 **Component II: Analysis of case studies and recommendations of best practices.** Case studies will be analyzed by participants of the training events, and with the help of a facilitator, recommendations will be developed for the implementation of best practices in Latin America and the Caribbean and their application to specific national contexts.

### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Training in best practices to modernize trade facilitation	\$ 400,000.00	\$ 0.00	\$ 400,000.00
Analysis of case studies and recommendations of best practices	\$ 100,000.00	\$ 0.00	\$ 100,000.00

## **V. Executing Agency and Execution Structure**

- 5.1 The Bank, through the Integration and Trade Sector (INT/INT), will be the executing agency for this project.
- 5.2 Two main reasons justify the execution of this project by the Bank: (i) this is a regional project that involves the coordination of participants from countries across the region, and the Bank is ideally situated to serve as a regional coordinator; and (ii) the project seeks consistency with the Bank's GCI-9 priorities and operational program, the Integration Strategy and the UIS and its CRF, and Bank specialists are in the best position to ensure this.

## **VI. Project Risks and Issues**

- 6.1 Capacity-building activities are always subject to the risk that the capacity building that has been provided would not be applied by the individuals who have been trained because they move on to other activities, and especially in the case of the public sector, by the individuals leaving the organization for which they were originally trained. To mitigate this risk, Bank sector specialists working on trade facilitation projects will participate as part of the training team in order to maintain an ongoing repository of the knowledge and technical contacts.
- 6.2 Another potential risk is that training would be overly diffused and not applied directly to concrete projects. To mitigate this risk, the project team, together with Bank sector specialists, would identify and target activities with clear relevance to potential or active IDB lending operations, ensuring alignment with country programming priorities.

## **VII. Environmental and Social Classification**

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