

Aid for Trade

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Supporting Connectivity in
Latin America
and the **Caribbean**



Welcome



Antoni Esteveordal
Manager Integration and Trade Sector
Vice-Presidency of Sectors and Knowledge
Inter-American Development Bank

Trade and economic integration can be powerful catalysts for economic growth and poverty reduction. Latin America and the Caribbean (LAC), which recently experienced a period of solid growth driven in part by international trade, is a case in point. Trade liberalization at the multilateral level and through an increasing number of free trade agreements (FTAs) has contributed to these trends.

More recently however, in the aftermath of the global financial crisis, softer global demand, decreased commodity prices and low trade growth have created an environment of slow economic growth and uncertainty. In addition to these economic headwinds, developing countries, including those in LAC, face challenges such as a lack of knowledge of trade opportunities, excessive bureaucracy in processing exports and imports, inadequate financing, and limited infrastructure. These obstacles hinder developing countries' optimal integration into the global trading system.

In this context, Aid for Trade (Aft) seeks to support developing countries as they strengthen trade capacity and infrastructure. As the World Trade Organization's main institutional counterpart for Aft in LAC, the Inter-American Development Bank (IDB) remains committed to supporting the Initiative's implementation in key areas such as:

Implementing and taking advantage of free trade agreements.

Despite having a wide network of some 70 free trade agreements that connect most LAC countries, the lack of harmonization and convergence among these agreements, in particular the lack of accumulation of rules of origin, represent important trade costs for companies. Moreover, insufficient resources and capabilities have constrained the implementation of FTAs and limited their potential.

Reducing logistics and transport costs. Insufficient connectivity infrastructure and inefficient and unpredictable processes contribute to transport and logistics costs estimated to be three times those of tariffs. Implementing the provisions of the WTO Trade Facilitation Agreement recently ratified is essential for improving competitiveness and promoting inclusive trade outcomes.

Promoting productive integration. Companies' connections to international value chains are fundamental for increasing productivity and competitiveness, and creating better employment opportunities. Jobs related to exports pay almost 20 percent higher than those at non-exporting firms. Export promotion and investment attraction activities are key tools for overcoming uncertainties related to market demand, consumer preferences, and regulations, especially for small- and medium-sized enterprises (SMEs).

It is in this light that the IDB Group views the Aft Initiative as an important and effective tool for supporting LAC countries' ambitious trade policy and trade facilitation endeavors. To date, the IDB's support for Aft interventions has resulted in: enhanced public-sector capacity to implement trade agreements through legislative and institutional reform and dedicated software platforms to manage trade agreements, strengthened regional public-private sector policy dialogue through capacity building and high-level dialogue on topics such as rules of origin, and greater market access opportunities; assistance to SMEs to enter international markets through ConnectAmericas, the first social network for businesses in the Americas, and through Exporta Fácil, a simplified export system developed by national postal services and implemented in four LAC countries; a regional action plan on freight logistics and trade facilitation in the Caribbean, the implementation and interoperability of foreign trade single windows in several LAC countries, and the International Transit of Merchandise that has reduced border crossing times for goods in transit in Central America; increased participation in global value chains for LAC firms; and women's economic empowerment and capitalizing on trade opportunities through direct technical assistance and business matchmaking.

Electronic commerce is already demonstrating the potential of technology to provide businesses with the tools they need to overcome the traditional challenges posed by distance and economic scale. Looking forward, there is a strong case to be made for coordinated actions in both physical infrastructure and in institutional and regulatory frameworks so that digital trade realizes its full potential.

The results achieved through Aft so far provide a valuable set of lessons for future countries' and IDB interventions. The Bank will continue leveraging complementary actions in the software (policy and regulatory reforms) and hardware (infrastructure investments) of integration in order to enhance the LAC region's competitiveness, access foreign markets, and unleash the potential of inclusive integration and trade as an engine for growth, development, and further poverty reduction.



The IDB's Commitment to the Integration Agenda in LAC



The Inter-American Development Bank (IDB) has supported integration since its inception. As a result, in 2015 the IDB achieved the important financial milestone—as mandated by the Ninth General Capital Increase of the Bank (GCI-9)—of investing 15 percent of its loans in integration projects. However, more creative and dynamic solutions are required to continue fostering the global and regional integration of Latin American and Caribbean (LAC) countries. The Update to the Institutional Strategy 2016-2019 (UIS) approved by the Bank's Governors in March 2015, recognizes this and identifies the lack of regional economic integration as one of the three main development challenges of the region. Considering the above, the work the IDB will carry out in the next three years will be aligned to the strategic policy objectives of this revised strategy, with a focus on supporting the “software” and “hardware” aspects of the integration agenda and the provision of regional public goods.

Integration “software” involves supporting countries in the reform of regulatory frameworks that enable them to increase their presence in global and regional markets, such as through export promotion; foreign investment attraction; trade facilitation; cross-border integration; support in the negotiation and implementation of trade agreements; and financial integration, among others. The integration “hardware” consists of investments in physical infrastructure, energy, and telecommunications to physically connect the region and reduce the wide connectivity gap. Finally, the integration agenda also involves regional and functional cooperation through the provision of regional public goods in education, health, innovation, and the environment, among others.

To carry out this ambitious agenda, the IDB provides financial instruments, such as loans and technical cooperation grants, and non-financial instruments, such as support to strategic integration initiatives, applied research and information systems, dialogues and public-private fora, capacity building, and strategic partnerships with other institutions. These instruments are funded by both the IDB's own resources and those of its strategic partners in the integration agenda.

Operational and Financial Support: Lending Program

Trade & Investment Promotion

Program for the Technological Development*	Argentina	2014
Strengthen the Ministry of Foreign Relations, International Trade and Worship II	Argentina	2011
Export Promotion Program*	Argentina	2009
PROCIDADES - Economic Development Program of Distrito Federal-ADEs*	Brazil	2013
Fiscal Administration Modernization Programme*	Jamaica	2011
Sustainable Agricultural Productivity Development Program*	Nicaragua	2012
Support for Business Development Services to Paraguayan Exporting Companies*	Paraguay	2016
Investment Promotion Program	Paraguay	2013
Global Services Offshoring Promotion Program	T & T	2013
Program to Support Global Export Services*	Uruguay	2011

Trade Agreements & Institutions

Barbados Competitiveness Program*	Barbados	2009
Program to Support Production Development for International Integration*	El Salvador	2011
Trade and Integration Support Program	Guatemala	2008
Private Sector Development through Investment Promotion*	Haiti	2012
Agricultural Competitiveness Programme*	Jamaica	2010
Program for Strategic International Positioning III	Uruguay	2015
Program for Strategic International Positioning II	Uruguay	2014
Program for Strategic International Positioning*	Uruguay	2013

Trade Facilitation & Logistics

Support for the Establishment of an Integrated Foreign Trade System	Argentina	2016
Paso de Agua Negra International Tunnel*	Argentina & Chile	2016
Trade Sector Support Programme	Bahamas	2012
Promotion and Extension of an Electronic Invoice in Colombia*	Colombia	2014
Support to the Implementation of the National Logistics Policy*	Colombia	2013
Modernization of Land Border Crossing in Costa Rica*	Costa Rica	2015
Border Crossings Optimization in Ecuador*	Ecuador	2014
Enhancing the National Quality Infrastructure for Diversification and Trade Promotion*	Guyana	2016
Puerto Cortés Customs Modernization*	Honduras	2010
Border Integration*	Nicaragua	2015
Support to the Establishment of a Foreign Trade Single Window	Peru	2015
Projects for Tax and Customs management Consolidation*	Peru	2014
Strengthening of the Electronic Single Window for Trade	T & T	2015

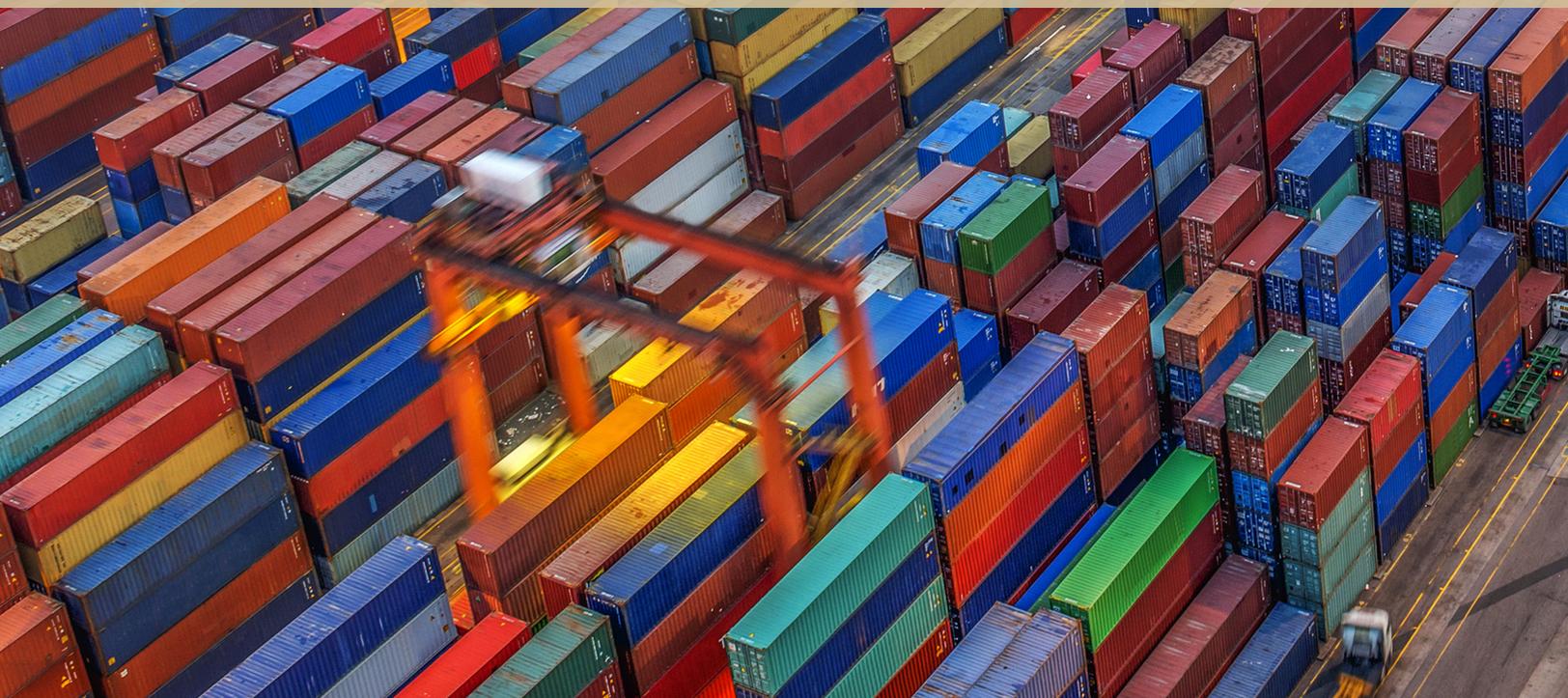
*Multisector with trade and investment components



31
loans in
execution

US\$
1.3
billion

19
countries





Grants as Incentives

Grants play a prominent role among the IDB's instruments to finance projects in support of integration and trade. They can serve as an incentive to garner national interventions with less apparent results but with longer term strategic impact and facilitate collective action to develop a shared regional vision.

In 2016 the IDB restructured its grant funds and established six Ordinary Capital (OC) Strategic Development Programs to better adapt to the region's evolving development priorities. A Bank's dedicated Ordinary Capital Program supports the region's integration and insertion into the regional and global economies.

The OC Program for Integration supports interventions in the hardware and software of Latin American and Caribbean (LAC) countries' integration. The fund also finances functional cooperation through the Regional Public Goods (RPG) Initiative. The RPG Initiative, which dates to 2004, is based on the rationale that the IDB should support its clients in tackling development challenges and seizing development opportunities that can be addressed more effectively and efficiently at a regional level through collective action and cooperation. Additionally, the Bank through the Program for Infrastructure also provides non-reimbursable technical assistance to help countries in the preparation of strategic infrastructure integration projects, including project origination, preparation, infrastructure governance, capacity building, and knowledge creation and dissemination.

Additionally, the IDB recently established the Multi-Donor Regional Integration Fund (RIF), with contributions from Canada, Chile, Colombia, Mexico and Peru. The RIF has three main areas of intervention:

- Improvement and regional harmonization of legal and procedural frameworks on infrastructure, trade, trade facilitation and security, logistics, trade security, energy interconnection, telecommunications and financial integration.

- Systematic and results-based institutional capacity building for the implementation of free trade agreements, adoption of policies and procedures for trade facilitation and security especially in the framework of the WTO Trade Facilitation Agreement, trade and investment promotion, and bolstering countries' participation in regional or cross-border integration initiatives and value chains.
- Increased mobilization and leveraging of resources committed to strategic integration and trade projects for LAC countries through Bank loans and grants with support from donors.

The RIF was created through the thematic merger of the Aid-for-Trade (Aft) Strategic Thematic Fund and Regional Infrastructure Integration Fund (RIIF). The Aft Fund was created to support LAC countries in their efforts to build the supply-side capacity and trade-related infrastructure needed to implement and benefit from liberalized trade. The Aft Fund received a total of US\$ 14 million in contributions from Canada, Chile, Switzerland and the United Kingdom, which was used to finance 29 projects between 2010 and 2017. The RIIF, with contributions of US\$ 22 million from Canada, Colombia, Mexico, Spain and the United States, has financed 22 projects since 2013.

These funds are playing a significant role in implementing the IDB's roadmap for a more effective support to LAC's regional and global integration. They have been instrumental in:

- Leveraging major investments in integration infrastructure; for example, of the 29 approved Aft projects, 17 projects with an aggregate total of US\$ 8.5 million have supported the integration-related investment components of 18 loan operations totaling US\$ 717 million, which represents an average leverage of approximately US\$ 84 in investments for every US\$ 1 of grant resources dedicated to loan preparation. Overall, for the whole Aft Fund every US\$ 1 of grant resources the Bank leveraged US\$ 47 in loans.
- Providing incentives for countries to engage in cross-border coordination on software issues (such as trade policy coordination), decisions on the hardware of integration (such as joint border facilities) and investment in national segments of agreed transnational integration corridors.
- Fostering the generation of knowledge, the exchange of good practices and the upgrading of human and technological capacities through South-South cooperation.
- Financing the analysis and mainstreaming of emerging topics in integration and trade, such as the identification of gender-sensitive trade indicators, trade facilitation and security, or enhancing the eco-efficiency of trade.

Regional Integration Fund

Multidonor Regional Integration Fund (RIF)

Canada, Chile, Colombia, Mexico, Peru

Established to support LAC's productive integration through:

- Reforms and regulatory harmonization of integration
- Institutional capacity building
- Simultaneous investment in integration hardware and software

Canada



APC Colombia
Agencia Presidencial de Cooperación Internacional de Colombia

SHCP
SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO



Other Partners:





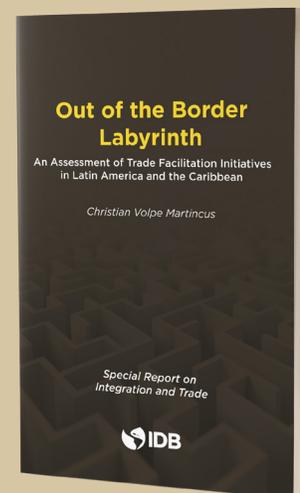
Strengthening Connectivity in LAC

Today, non-traditional trade costs like transport and logistics costs are among the main obstacles to facilitating trade within the region and increasing Latin American and Caribbean (LAC) countries' participation in global trade. On average, logistics and transport costs – 75% of which are due to inefficient administrative procedures – are three times higher than tariffs, and they increase the price of goods by 15%, causing unpredictability. The growing attention given to non-traditional trade costs is reflected in the approval of the WTO Trade Facilitation Agreement (TFA). The TFA stands apart from many other trade agreements in that the key prerequisite for compliance with its provisions is not political will, but rather technical and institutional capacity. There is thus a key role for Aid-for-Trade in building capacity in trade facilitation and logistics.

Even before the conclusion of the TFA, many LAC countries had started implementing many of the measures laid out in the Agreement, such as the foreign trade single window, authorized economic operator, and coordinated border management, among others.

The following pages provide some examples of the IDB's work in these areas.

Out of the Border Labyrinth



Data on customs and border procedures is often sporadic and imprecise, in contrast to tariff information. The IDB Integration and Trade Sector's 2016 flagship report, Out of the Border Labyrinth, addresses lack of data on customs and border information using transactions-level data for several LAC countries and institutional case studies and econometric analyses to assess the impact of trade facilitation measures.

The Single Window for Simplification of Customs Procedures

Importance of the Single Window

The single window for foreign trade (SW) is an integrated system that allows companies to use a single electronic channel to complete the paperwork required to obtain authorizations to import and export goods, thereby reducing bureaucracy and costs both for companies and governments. The WTO Trade Facilitation Agreement includes provisions for its members to establish the SW.

Several LAC countries have already adopted or are currently adopting this trade facilitation measure to streamline administrative processes. Supported by information technology, the SW optimizes trade procedures and promotes inter-institution coordination, reducing delays and costs for governments and traders.

IDB support to the Single Window

Political will, inter-institutional coordination, data harmonization, regulatory framework and technical infrastructure design make SW implementation a very complex endeavor. The IDB assists in this process with a comprehensive set of instruments that address clients' needs beyond lending, such as:

- Policy dialogues through the Inter-American Network of International Trade Single Windows, known for its Spanish acronym as RedVUCE, which supports cooperation, coordination and partnership among countries to promote interoperability and reduce the time and cost of trade transactions.
- Capacity building for public officials from trade entities, through the IDB's 24 online tutored courses on the SW, in Spanish, English (with the Caribbean Customs Law Enforcement Council), and Portuguese. More than 800 officials have been trained through these courses, of which 350 certified graduates belong to a Community of Practice where the exchange of experiences and best practices continues.
- Technical cooperation (TC) to promote the implementation of the SW and its

interoperability among LAC countries. One example is the Pacific Alliance's successful harmonization and electronic exchanges of their phytosanitary certificates through an interoperability platform, accomplished with the support of a grant from the IDB's Regional Public Goods Initiative. Similarly, the IDB's multi-donor Aid for Trade fund provided support to Single Windows in Chile, Costa Rica and Peru.

- IDB lending operations currently support upgrades to SWs in Costa Rica, Nicaragua, Panama, Peru, and Trinidad and Tobago, and SW implementation in the Bahamas as part of a broader trade sector support program. A loan to implement the electronic single window in Argentina was recently approved by the Bank. Earlier IDB loans supported the establishment of SWs in Barbados, Chile, and Uruguay.
- Applied research such as the IDB publication *Out of the Border Labyrinth* (2016), which includes a case study on Costa Rica's transition from a paper to electronic SW system. Findings include: streamlined procedures facilitate the movement of goods; virtual interfaces reduce geographical constraints; the electronic single window has helped new firms enter export markets; and that information technology solutions must be accompanied by a careful redesign of procedures to yield trade gains.

The aforementioned IDB activities in support of the single window for foreign trade complement one another and form a virtuous cycle of knowledge and operations.

Authorized Economic Operator: Partnering with the Private Sector to Secure Trade

Authorized economic operator (AEO) programs establish partnerships between customs administrations and the private sector to facilitate the movement of goods while increasing security throughout the supply chain. Through such programs, which are covered in the World Customs Organization SAFE Framework of Standards and in the WTO Trade Facilitation Agreement, firms that adopt security standards and have a solid history of compliance with customs requirements and tax obligations are eligible to obtain AEO certification. Once accredited, AEOs receive benefits such as fast-lane priority treatment at border crossings, ports, or airports, fewer physical inspections of shipments, and may be permitted to defer tax payments.

Focusing on results

As of 2017, 13 of the 72 countries worldwide with functional AEO programs were in LAC and there are over 1,100 firms certified as AEOs in the region.

The IDB's AEO regional support action plan encourages their implementation in LAC, with the aim of strengthening these programs, increasing the number of AEO-certified companies, establishing alliances with other government entities and promoting mutual recognition agreements (MRAs). Several LAC countries are currently negotiating such agreements on AEO programs, including multilateral MRAs in the Pacific Alliance, the Andean Community and Central America. Mexico has concluded bilateral MRAs with Canada, Korea, and the United States, and four more sets of negotiations are underway. Additionally, The Dominican Republic has signed MRAs with Korea and the United States, and an agreement has been concluded between Brazil and Uruguay.

The IDB has led the support on AEO programs in the LAC region through the provision of technical and financial assistance, and has delivered 13 online tutored courses on the AEO that have provided training to some 500 LAC customs officials.

According to a recent IDB study, the AEO program has had a positive impact in the growth of exports within AEO companies in Mexico. An IDB survey on AEO companies in LAC reported significant increases in supply chain security, diminishing dispatch times and physical inspections, and an improvement in the relationships with customs agencies.

- **Brugal & Co, SA.** Inspection reductions and the use of express lanes saved this Dominican beverage company two hours per uninspected container. This is a substantial reduction in time, given that the company imports 1,200 containers of inputs and exports 800 containers of finished products annually.
- **PIMSSA.** When its parent company needed to choose a location to manufacture a new line of products, AEO certification provided this Mexican electronic goods manufacturer the competitive edge that led to the creation of specialized jobs, infrastructure improvements, and stronger relationships with suppliers.
- **Results for national governments.** Bolivian Customs has reported a reduction of export clearance times for AEOs from over 8 hours to 34 minutes. The Dominican Republic noted improved public-private relations, greater private sector awareness of the need for supply chain security measures, and increased information sharing between trade-regulating government institutions. Colombia and Mexico also observed increases in exports to new markets for some AEO firms.

Facilitating Connectivity between Countries through Coordinated Border Management

One of the measures addressed in the WTO's Trade Facilitation Agreement (TFA), agreed in Bali in 2013, is coordinated border management (CBM), which entails internal coordination within an agency, inter-agency coordination and international cooperation among neighboring countries. CBM aims to improve the effectiveness and efficiency of Border Control Agencies and achieve a balance between national security and trade facilitation.

CBM covers land, sea, air, and river ports of entry and encompasses functions of all border control authorities. CBM involves the simultaneous implementation of the electronic single window, the international transit of merchandise, the authorized economic operator, non-intrusive control systems, and ex-post control mechanisms. It requires efficient procedures adapted to the needs of each of the institutions in border control. CBM seeks a balance between trade facilitation, which interests the private sector, and ensures fulfillment of supervisory responsibilities, which interests the public sector. CBM requires advanced and predictable information and the implementation of uniform border processes among different control institutions. Despite their importance, coordinated border control systems in the region are at an early stage, and coordination among national border agencies still needs to be strengthened. Action is required to design business models suitable for each border crossing, to implement common standards and to garner private-sector perspectives on regional integration issues.

Great efforts are being made in the LAC region to simplify, modernize and harmonize import and export procedures, as well as to improve fiscal and parafiscal controls at frontier points for freight and passengers. The IDB is supporting such efforts to foster the implementation of CBM, and as of 2017, the Bank has a lending operations underway in Nicaragua for the modernization of border crossings, a border integration program in Costa Rica recently ratified by the legislature, and two more in the design phase in Panama

and Guatemala, all together totaling more than US\$ 250 million. In addition, in 2016 the IDB approved loans for the improvement of border crossings in Ecuador and to Argentina and Chile for the structuring and preparation of the Agua Negra Pass international tunnel between the two countries. Non-reimbursable resources have also been used in the pre-investment phase of several loans under preparation.

IDB grant support for CBM is multifaceted, and has contributed to the implementation of policy recommendations and proposals for public-private partnerships, while simultaneously seeking to facilitate a broader understanding among the most relevant public and private actors on the benefits and challenges involved in implementing the TFA. IDB resources financed a report of the studies and initiatives to support the preparation of a complete regional program for regional border management, including profiles and demand segmentations of border crossing data needed for mathematical models to simulate the demand for public-sector border crossing management capacity to address growing trade flows and border transactions over the next two decades.

Focusing on results



Paso Canoas Border Crossing (Costa Rica – Panama)

The improvement of this border crossing, the transit point for three-quarters of Costa Rican trade with Panama, seeks an estimated 80% reduction in the volume of export and transit processing processes, and to reduce the crossing time for a refrigerated truck from seventeen hours to less than one hour.

Peñas Blancas Border Crossing (Costa Rica – Nicaragua)

On Costa Rica's side of the border crossing, processing of customs procedures is expected to be reduced substantially (approximately 90% on most imports, 75% on most exports; and 33% on migratory processes). Nicaragua, the second LAC country to ratify the TFA, seeks to decrease time to import and export, from 186 and 570 minutes to 120 and 168, respectively, on its side of the border crossing.

Agua Negra Pass (Argentina - Chile)

Existing border crossings are high in the mountains and subject to heavy snowfall. The Agua Negra Pass International Tunnel is expected to reduce the days closed each year from 40 to 10, and will open a new logistical link between ports in the two countries.

Focusing on Trade Policy in LAC: The Pacific Alliance Initiative

The Pacific Alliance (PA) is an ambitious integration initiative between Chile, Colombia, Mexico and Peru that is working progressively towards the free circulation of goods, services, capital and people. The PA goes beyond simple trade liberalization to pursue the simplification of the environment in which trade is conducted, and addresses many new topics that are not typically addressed in a free trade agreement. Companies in the PA, rather than having to navigate several trade agreements, each with different rules and provisions, can now apply a single, coherent set of rules when exporting to other PA member countries. Moreover, the members have agreed to the cumulation of origin within the Alliance, which will promote the development of joint production networks and participation in international value chains.

The PA aims to become a platform for articulation with other countries and regions, such as Asia-Pacific and MERCOSUR. In June 2017 Alliance members endorsed guidelines for engaging in trade negotiations with interested countries. This is in addition to the more than 50 Observer States that cooperate with the PA and follow its developments.

MERCOSUR and the PA have agreed on a roadmap to intensify cooperation efforts on trade. The two blocs will partner on trade facilitation with respect to single window and digital certificate of origin, customs cooperation, trade promotion, small- and medium-sized enterprises, and regional value chains through cumulation of origin.

The pragmatism of the PA has enabled the bloc to make significant advances since its inception six years ago. On trade liberalization and facilitation, results include the immediate elimination of tariffs between Alliance members on 92% of products upon the entry into force of the PA trade agreement in May 2016, along with the establishment of timetables for tariff elimination on the remaining products. With IDB's support, the PA has achieved the interoperability of foreign trade single windows with respect to exchanging sanitary and phytosanitary certificates for trade in agricultural products and is working towards the electronic exchange of certificates of origin

and customs declarations; the negotiation of the mutual recognition of companies certified as authorized economic operators; and the standardization and recognition of technical regulations for cosmetics.

The PA has also achieved concrete results in South-South cooperation in the free movement of people, by eliminating the visa requirement for tourism and business travel on PA nationals, and broadening it to foreign residents in the PA region; the Student and Academic Mobility Platform, awarding more than 1,600 scholarships in the past four years; creating public-private networks to foster innovation and entrepreneurship; and establishing the Fund for Entrepreneurial Capital for SMEs. Additionally, recognizing the importance of financial integration, in 2011 PA countries launched the Latin American Integrated Market (MILA for its Spanish acronym), the first transnational stock market integration initiative in LAC that does not involve a merger, and in 2013, member countries' Presidents created the Council of Ministers of Finance (CMF) of the PA, which has several working groups, on financial integration, investment of infrastructure, export of services, catastrophic bonds, among others.

The Pacific Alliance is a clear example of an innovative integration initiative that from its genesis has enjoyed strong support and political leadership from the Presidents of member countries and active engagement with the private sector. The IDB is fully committed to working with the PA as a strategic partner, through technical and financial assistance. Since 2011, IDB projects have contributed to deepening regional integration among the Alliance's four original founding countries as well as candidate-observers Costa Rica and Panama.

The IDB has served as one of the main sources of support to the work carried out by the PA High-Level Group and provides technical assistance to its working groups (including those for the Single Window for Foreign Trade, Authorized Economic Operator, and the Digital Agenda, among others), provides a Technical Secretariat to the CMF and technical support to its working groups for Export of Services, Financial

Integration, and Investment in Infrastructure, and to the Pacific Alliance Business Council with expert consultancies on trade, trade facilitation, regional value chains and financial integration to provide inputs for recommendations presented to the PA's Heads of State. The IDB also helps to prepare for the PA meetings, support to develop a communication strategy – including promotional media and the PA website – coordinating inputs from other donors, harmonizing the role of the multiple observers, and financing PA matchmaking events and joint venture and innovation forums (LAB4+).



The IDB Capacity Building Program on Integration and Trade

“The whole course was so interesting that it held my attention throughout, giving me information that I could scarcely imagine existed. I’ve been motivated to provide services that promote firms from the industries that we want to attract.”

Participant in the Broadband as a Catalyst for Economic Development course

Capacity building and the creation of networks and communities of practice are essential for moving the integration agenda forward in Latin America and the Caribbean. The IDB’s Capacity-Building Program on Integration and Trade works to create and sustain a long-term and multi-sector critical mass of national expertise on and commitment to integration.

The Bank works closely with LAC institutions to identify training needs and potential candidates and builds strategic partnerships with other institutions such as the World Trade Organization, the World Customs Organization, the Central-American Integration System, and the Caribbean Customs Law Enforcement Council.

Through face-to-face, online courses and other innovative tools, the IDB transfers highly specialized knowledge, provides practical managerial and technical applications, fosters the exchange of good practices and promotes practical collaboration among LAC’s public and private trade stakeholders.

Online tutored courses lasting between six and nine weeks form the core of the Program: content is developed by subject matter experts based on an assessment of participants’ needs; participants receive highly personalized attention from certified tutors; courses are offered in English, Spanish and Portuguese; and capacity building is delivered asynchronously using state-of-the-art training methodologies that are cost effective and adaptive to working professionals’ schedules and posts.

Courses are offered on more than 25 subjects in five thematic clusters:

- Facilitation / Trade Security and Customs
- Physical Integration
- Implementation of Trade Agreements
- Export Promotion and Investment Attraction
- International Development Cooperation

Since their launch 2011, 6,500 participants from the region have been trained through 200

online tutored courses, 51% out of whom have been women. The courses have achieved a 93% satisfaction rate, and 84% of participants have earned certification.

Face-to-face courses on trade policy, and the negotiation and implementation of trade agreements are delivered jointly with the WTO and other strategic partners, and have trained thousands of government officials across the region since they began in 2002.

Communities of practice were launched in 2015 to promote the continued exchange of knowledge and best practices among certified graduates of the Program’s courses. To date, 12 such communities have been established, with a total of 2,733 members. Each has its own facilitator responsible for designing the knowledge plan and organizing at least one monthly webinar. During 2016 alone, 1,906 distinct users participated in these webinars. Four new communities are planned for 2017.

Massive Open Online Courses (MOOCs) aimed at large-scale training for the public, private and academic sectors were introduced in 2016. So far, three editions of the MOOC on “New Trends in Trade Agreements in Latin America and the Caribbean” have been delivered, with a combined total of 25,000 enrollees.

“The capacity building program enabled me to design improvements, studies and analysis for the acquisition of new technologies for border security.”

Participant in the Customs Risk Management course

ConnectAmericas for Women

Gender equality is a key component of inclusive and sustainable development. In addition to being a human rights issue, it is also an economic one: as half of LAC's human capital is female, women's access to equal opportunities in the workplace and in business is key to achieving sustainable growth and development. For this reason, the IDB's Institutional Strategy Update recognizes gender equality and diversity as a cross-cutting issue for all the Bank's areas of work.

The Aid-for-Trade (AfT) Strategic Thematic Fund included trade and gender as one of two cross-cutting priorities. The Fund contributed to the mainstreaming of gender through developing proposals in trade-related areas where gender traditionally has not been considered, and by identifying and employing gender-sensitive indicators and analysis of project results. Gender and trade initiatives resulted in:

- Incorporating women's businesses in global value chains; more than 15,000 businesswomen from Chile, Costa Rica and Peru were trained on the requirements to compete for contracts with large corporations.
- Production and dissemination of knowledge and exchange of experiences on how to incorporate a gender approach into trade interventions, incorporate gender perspectives into trade negotiations and social inclusion policies and programs, and to promote the economic empowerment of women and integrate the gender perspective.
- Organization of matchmaking businesswomen events such as LAC Flavors and Trade in Action, which resulted in 100 women-owned businesses increasing market access through contracts worth more than US\$ 9 million in one event; and generating 550 business meetings between buyers from the United States and Canada, which resulted in deals worth US\$ 2.7 million in a second event. Additionally, women-owned businesses signed 17 export contracts and nine letters of intention with large corporations in the business matchmaking events.



*While attending a ConnectAmericas for Women conference, **Rachelle Olortegui**, cofounder and Managing Director of herbal infusion and organic seed seller Ecoinca SAC in Peru, made business connections with European and American buyers, developed them into clients, and leveraged their feedback to save costs and strengthen her company's participation in value chains.*

The AFT Fund contributed to a gender strategy for the ConnectAmericas platform. The IDB's ConnectAmericas for Women platform is a B2B social network and business services portal focused on the intersecting issues of women's economic empowerment and small- and medium-sized enterprises (SMEs) – the main driver of LAC economies. Launched in May 2016 to help women entrepreneurs build their business network throughout and beyond the region, ConnectAmericas for Women is an online platform where businesswomen can access exclusive sourcing opportunities from the public and private sectors, virtual training tools, and business support resources, free of charge.

With global and regional partners like Google, WeConnect, Mujeres del Pacifico, Mujeres Empresarias Chile, Más Emprendedoras Uruguay and CREA Emprendedoras Sociales, among others, the IDB's goal for this platform is to strengthen and develop women-led enterprises in the LAC region by connecting them to regional and global value chains, and by enhancing their skills and capacity as qualified vendors.

Focusing on results

The launch of ConnectAmericas for Women featured high profile guest speakers President Michelle Bachelet of Chile and Adriana Noreña, Google Director for Latin America. Accomplishments to date include:

- Partnerships with Google, Facebook, WEConnect International, and Global Banking Alliance for Women among others.
- 32,000 active female users from 60 countries, 25% of whom are SME owners, and 15% of whom hold management positions in these companies.
- 8,000 female registrants in online courses and participants in webinars.
- Exclusive articles and content geared toward women entrepreneurs and managers.
- 21 procurement announcements from Delta Airlines and American Airlines directed to women-owned enterprises in Brazil, Chile, Colombia, Costa Rica, Jamaica, Mexico, and Peru.



Tanya Muñoz (Sales and Export Manager of La Chunga SA de CV, which sells sauces and condiments in Mexico), Margarita Duarte (owner of Paraguay Teas SRL) and Ana Claudia Moran (CEO of International Business Alliances, a foreign trade services company in Uruguay) all secured deals to sell their products in Grupo Britt shops, thanks to opportunities or information shared on the ConnectAmericas for Women platform.



Carolina Bañales, CEO of Uruguayan cosmetics startup GlamST, used the information available on the platform to conduct extensive market research, including directly contacting potential clients and suppliers, which ultimately led to the company's expansion of operations to other LAC countries.



Monitoring and Evaluating Results

Measurement of results is essential for ensuring that the IDB and its partners are achieving the intended outcomes with their resources and that they are transparent and accountable to all their stakeholders, ranging from governments to civil society to the private sector. Yet the task of measuring progress through pre-identified indicators and establishing baselines with targets was and will continue to be challenging, as the ultimate results of many interventions might have limited visibility in the short run and due to issues of attributability and limited data.

In recent years the IDB has worked to address such challenges by enhancing its measurement tools, sharing the results of its projects, and making information about them more accessible. To this end, the IDB remains committed to:

- defining specific objectives and verifiable outcomes and indicators in the strategic selected areas at the outset;
- strengthening its results reporting system in close consultation with donors and beneficiary countries;
- encouraging and supporting beneficiary countries and IDB staff to make an accurate identification and assessment of existing baselines and incorporate evaluation requirements and methodologies in the design of projects to ensure that results can be measured during implementation and execution;
- ensuring that project monitoring systems are in place to facilitate periodic assessment of project and program performance against set targets; and
- measuring results through selective and realistic indicators.

The IDB's Update to the Institutional Strategy 2010-2020 sets forth three interrelated development challenges: (i) social inclusion and equality; (ii) productivity and innovation; and (iii) economic integration; and three cross-cutting themes: (i) climate change and

environmental sustainability; (ii) gender equality and diversity; and (iii) institutional capacity and rule of law. A Corporate Results Framework (CRF) was developed to measure progress in implementing the Institutional Strategy Update, drawing upon lessons learned from the previous experiences of the IDB and of other multilateral development banks, and reflecting the 2030 Agenda for Sustainable Development (including the Sustainable Development Goals).

The CRF for 2016-2019 includes 55 main indicators covering three levels: (i) Regional Context; (ii) Country Development Results; and (iii) IDB Group Performance.

Three Regional Context Indicators provide information on long-term development progress in the Region with respect to economic integration: (i) intraregional trade in goods, (ii) growth rate of the value of total exports of goods and services, and (iii) foreign direct investment net inflows as percentage of gross domestic product.

Additionally, the IDB designed its monitoring and evaluation activities to cover the entire project life cycle:

- During the design phase, project teams develop robust results matrixes to track and measure progress on project outputs and outcomes;
- During the execution phase, actual achievements towards the project's results matrix and financial progress are reported on an annual basis;
- At the close of each project, the Bank assesses results achieved, long-term sustainability, and lessons learned to improve the design and execution of future operations;
- Finally, the IDB may conduct impact evaluations to determine the causal effect of an intervention on an indicator of interest.

The Aid for Trade Fund

In 2012, as part of IDB efforts to achieve a Bank-wide results reporting system, the multi-donor Aid for Trade Fund's results framework was reviewed and updated in close consultation with development cooperation partners by developing a series of output and outcome indicators (both intermediate and ultimate) to allow for a more effective monitoring and reporting on results. This new matrix helped the IDB and its development cooperation partners more effectively assess how proposed projects would contribute to the broader objectives of the AFT Initiative and ensure development effectiveness of interventions. The revised results framework experience served as a model that was later replicated in other IDB funds.

Institutional and Strategic Partners

The Integration and Trade Sector partners with other institutions to promote the exchange of knowledge and technical support to regional initiatives.



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