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Export to Grow



EXPORTAFACIL

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Logistics costs in the region range between 18% and 35% of the final value of products, which is much higher than the 8% average in OECD countries. Those who feel this gap the most are micro, small, and medium-sized enterprises (MSMEs), as for them the percentage may even be higher than 40%.[\[1\],\[2\]](#)

The Institute for the Integration of Latin America and the Caribbean (INTAL), in its role as the Technical Secretariat for the Institute for the Integration of Latin America and the Caribbean (IIRSA), part of UNASUR's South American Infrastructure and Planning Council (COSIPLAN), is working to close the logistics gap in the region.

One initiative attempting to achieve this is [Exporta Fácil](#), which [INTAL](#) provides support for by acting as a facilitator between countries in South America that have already implemented the scheme and those that wish to do so. Exporta Fácil is a postal service platform that strengthens trade and the international integration of MSMEs from South America. The project's roots lie in the Postal Exports for MSMEs program implemented by Brazil's Ministry of Communications in 1999, which Peru, Ecuador, Colombia, and Uruguay then joined. Today it is known throughout the continent as Exporta Fácil.

As of 2016, Paraguay became the sixth country in the region to use Exporta Fácil. INTAL and other institutions[\[3\]](#) promote horizontal cooperation in the context of the firm commitment taken on by those South American countries that form part of [COSIPLAN/IIRSA](#). Each country operating Exporta Fácil provides the program with government officials who act as trainers and support the design and implementation stages in the country that has decided to adopt the service, which will eventually be used by local MSMEs.

Why Support Small Businesses' Efforts to Export?

Latin America saw notable growth in exports during the 2000s. However, according to the [Trade and Integration Monitor](#), the external sales of many countries in the region, mainly in South America, continued to be highly concentrated and are mostly made up of a small set of commodities. The positive phase of the export cycle has weakened since the second half of 2011, as a result of which the export space has become much narrower. The drop in international commodity prices and lower levels of global demand have highlighted the growing need for diversification in terms of both products and destination markets.

This requires the ongoing implementation of an agenda that will allow the region to increase productivity, improve infrastructure and innovation capacity in countries' productive frameworks, and catch up with a world in the throes of rapid technological change. Only then will a quality leap in exports be possible.

In this context, export promotion policies such as Exporta Fácil are essential. These initiatives help exporter numbers to grow, enabling companies (especially MSMEs) to access international markets simply, cheaply, and safely[4]. The program seeks to facilitate the internationalization process for these companies, particularly those in far-flung locations, through a simplified import/export process via the postal system, using the designated postal operator's logistics platform.[5]

It is worth bearing in mind that MSMEs are up against significant obstacles when it comes to getting involved in international trade. Their very scale reduces their access to financing and information, makes it harder for them to cover the fixed costs associated with setting up and maintaining trade networks, and they also face limitations in relation to management and technology.[6]

However, the integration of MSMEs into the international market leads to major gains, as it drives growth in productivity, competitiveness, and innovation capacity and generates employment in globally competitive activities. Given the restrictions and obstacles mentioned above, these gains and the positive spillover effect they have on the rest of the production system make it both viable and necessary to implement specific policies to support this sector, so as to facilitate its access to the international trading system.

How Is Exporta Fácil Implemented in Each Country? The Case of Paraguay

As part of the learning process in relation to export promotion and trade facilitation instruments in the region, it is interesting to examine the path that the Exporta Fácil initiative has followed.

Its recent implementation in Paraguay is a case in point, especially because of the complexities it entailed in terms of interinstitutional work and the innovative way this was approached. The lessons learned are relevant for the institutional areas in charge of export promotion and useful for incentivizing innovation among MSMEs.

The Exporta Fácil team in each country operates on three levels: strategy, tactics, and operations. The process begins with a prediagnostic visit, during which the essential work on the strategic and tactical plans is carried out. However, when it is time to design the work plans, the focus shifts to the operational team—the people who understand the day-to-day operations of each of the institutions involved in the initiative and all their processes. This does not mean that the other areas are no longer involved, but rather that their role is closer to the political arena and planning decisions.



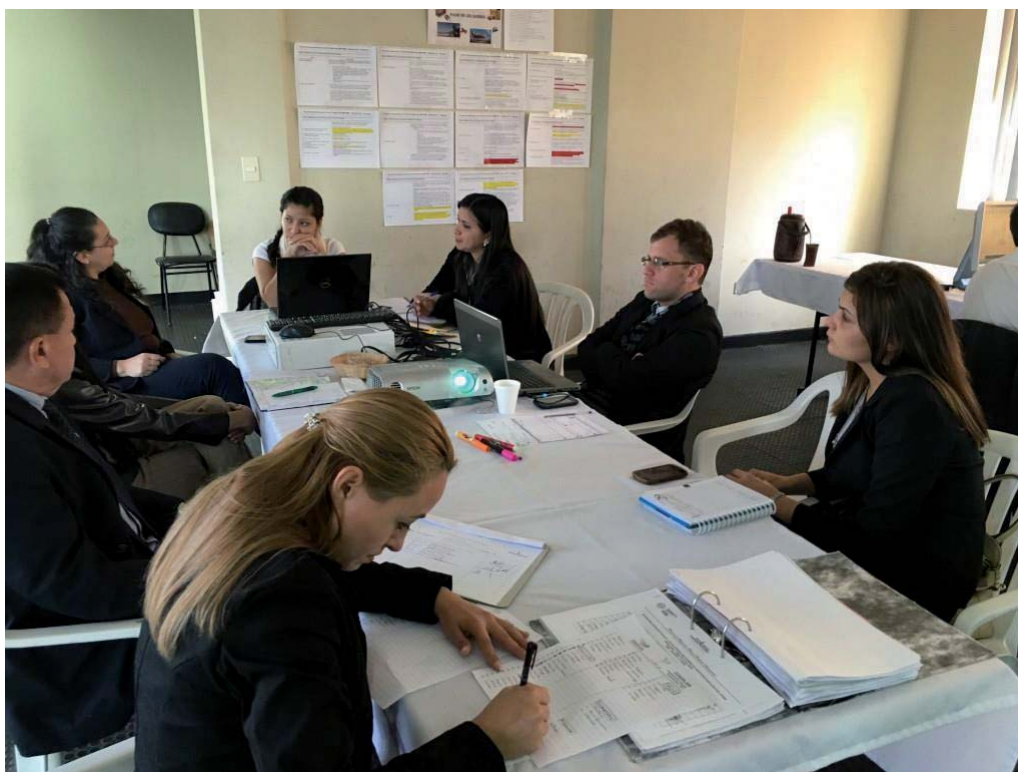
The most recent implementation experience was in July 2015, when a prediagnostic visit to Paraguay took place.^[7] During this, the five work plans for the implementation of the project were drawn up: the operational plan, marketing plan, training plan, technological plan, and communications and promotion plan. To achieve this, a participative methodology was used, incorporating tools for reflection and new information technologies, which Paraguay's operations team used to draw up their first version of an implementation plan.

In December 2015, the COSIPLAN ministers approved the 2016 Work Plan. The initiatives included in the plan contemplated providing support for Paraguay in implementing the Exporta Fácil program. In response to this, Brazil, Ecuador, Peru, and Uruguay assigned officials from the institutions involved in the project to function as “coaches” to organize work with Paraguay. The coordination of the team of coaches and the methodological proposal to support the Paraguay’s implementation of the program was developed by INTAL and representatives from Brazil’s Ministry of Communications. This process involved ten institutions from five countries in the region.[\[8\]](#)

To start the process off, the coaches received the first draft of each of the plans and provided specific advice on these, motivating the team from Paraguay to rethink each one in terms of the needs of the country’s MSMEs. Although each coach had valuable experience at the operational and strategic levels which Paraguay stood to gain from, the main objective was to support the design process for the different plans by encouraging discussion within the different work teams and promoting a design process that revolved around the country’s needs and the reality of life there.

The first meetings were held online between April and May 2016, then a follow-up visit to Asunción took place between June 27 and July 1. Work groups were formed for each plan, which brought the operational and tactical teams together with the coaches. Work started with a review of each plan and a sharing of experiences of the challenges faced by each of the countries that have implemented the Exporta Fácil program. At the end of the five-day meeting, each group presented its plan, and these were then crossreferenced to create a schedule for the entire team.

Both the team from Paraguay and the coaches underlined how this methodology transformed the experience into a win-win situation. It also led to suggestions for developing tools and practical support exercises for countries seeking to implement Exporta Fácil in the future using this combination of in-person and online meetings, all based on horizontal cooperation.



Training Plan Work Group Coach: Geraldine Bahamonde, PROMPERU.

Value Creation: the Experiences of the Coaches and the Team from Paraguay

The team from Paraguay played an active role during the prediagnostic visit. As well as acquiring technical knowledge and coming to understand the concepts of Exporta Fácil better, the team underlined how the visit had been an excellent opportunity to work outside the constraints of political party divides and institutional or hierarchical differences. The work groups were a place where everyone was able to express themselves and all contributors were equal. The challenge they face now is how to continue applying this working methodology during the implementation of the project and once the system is operating.

The agenda for the week was very intense. All of the teams were able to play an active role in defining their respective plans. Many of those present had the chance to give a presentation to their superiors for the first time and to defend each of the initiatives they set out with solid arguments. Ultimately, the work groups were a space for interinstitutional integration and cocreation.

The coaches, in turn, expressed their satisfaction in having taken part in the process, which they described as an enriching, two-way experience. In other words, they acted as motivators and technical advisers, but they also learned from the team from Paraguay. They stressed how it is always positive to get to know one's own limitations and confront them by putting yourself in someone else's shoes. Others underlined the fact that they functioned as guides in the quest for solutions rather than telling the local team what to do, which ultimately benefited and strengthened its members. By the end of the process, a transformation had taken place within the teams, who made the plans their own and began putting forward solutions regardless of their positions or whether they belonged to the tactical or operational team.



Lourdes Gómez, Ministry of the Interior and Trade, Project Coordinator for Exporta Fácil Paraguay. Defining the profile of those who can help to implement the project.

Exporta Fácil and Horizontal Cooperation

Exporta Fácil is a country-based project. Sometimes projects or programs that require the involvement of different government institutions have trouble moving forward because the officials in question cannot move beyond the main interests or goals of the institution they belong to and represent. Together with a lack of communication, this has a negative impact on the design and implementation of these multisectoral projects. In Paraguay, those present worked as a single group, independently of the institution they belonged to, and they are now up against the challenge of continuing to do so into the future.

Exporta Fácil revolves around synergy between the three levels. If, during the implementation and subsequent operation of the service, the three levels (strategic, tactical, and operational) compete instead of cooperating, this country-level project will lose its focus, and this will ultimately have a negative impact on the MSMEs that it aims to help.

Both in Paraguay and the other countries involved, this cooperative dynamic between the three levels was adopted as a basic premise for ensuring the project's success.

Exporta Fácil is built on the commitment of countries, institutions, and people. The value of the project lies not only in the final outcome but in the process that is constructed through these commitments.

- Commitment on the part of countries can be observed in places that have already implemented the Exporta Fácil program, in that they allow their officials to provide technical support for other countries. Another fundamental factor is the willingness on the part of the country—in this case, Paraguay—to make headway on implementing the project with the support of the regional work team.
- Institutional commitment comes in the shape of the support provided by each of the different government agencies when they understand the importance of acting as a single team regardless of the ministry or department that officials belonging to, and it also relates to the continued provision of human and financial resources into the future so as to be able to continue operating the service once it has been set up.
- Finally, personal commitment is embodied by each of the team members, who invest their own time and creativity in designing and implementing the service.



- **Exporta Fácil is sustainable if an interinstitutional work team is formally established.** Although individual commitment makes a difference, the turnover of officials within institutions poses a challenge to the continuity of the project. Responsibility within Exporta Fácil is connected to the role of the institution, rather than to one particular person. For this reason, in Paraguay, attention was drawn to the need to formally establish each work group at the operational level.

[1] Mesquita Moreira, M.; Blyde, J.; Volpe Martincus, C.; and Molina, D. 2013. “Too Far to Export: Domestic Transport Costs and Regional Export Disparities in Latin America and the Caribbean.” Washington, DC: Inter-American Development Bank.

[2] Muir, J. 2016. “Bridging the Infrastructure Gap: Can Infrastructure Development Improve Trade Competitiveness?” *Beyond Borders* blog, Inter-American Development Bank.

[3] They also receive support from other strategic partners that have joined the process, such as the Postal Union of the Americas, Spain, and Portugal (UPAEP) and the Universal Postal Union (UPU).

[4] At the meeting of the COSIPLAN/IIRSA Executive Technical Group (GTE) on Trade Integration through Postal Services for MSMEs held in September 2015 in Lima, Peru, a set of indicators was defined to measure and report on the project’s outcomes in economic, social, institutional, and management terms. The COSIPLAN 2016 Work Plan includes the implementation of these indicators, the preliminary results of which were presented at the GTE meeting held in Montevideo in August 2016. INTAL Connection No. 240.

[5] For more information, visit: <http://www.iirsa.org/exportafacil/>

[6] Insertar referencia a encuesta de Connect Americas hecha con Asian Development Bank que enviará Breitler.

[7] Representatives from Brazil, Uruguay, and INTAL took part in the visit. See INTAL Connection No. 226.

[8] Representatives from the following bodies took part: Brazil’s Ministry of Communications, Ecuador’s Ministry of Industry and Productivity (MIPRO), Peru’s postal service (Serpost) and its Commission for the Promotion of Exports and Tourism (PROMPERU), and Uruguay’s postal service (Correo Uruguayo) and its National Directorate of Handicrafts and Small and Medium-Sized Enterprises (DINAPYME) at the Ministry of Industries and Energy.

How to promote the export of services in PYMES

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The [INTAL Winter Colloquium](#) was attended by US ambassador Noah Mamet, Argentina's chief of staff, Marcos Peña, and the country's minister of production, Francisco Cabrera. The main topic of discussion was the need to add value to exports and diversify the export basket.

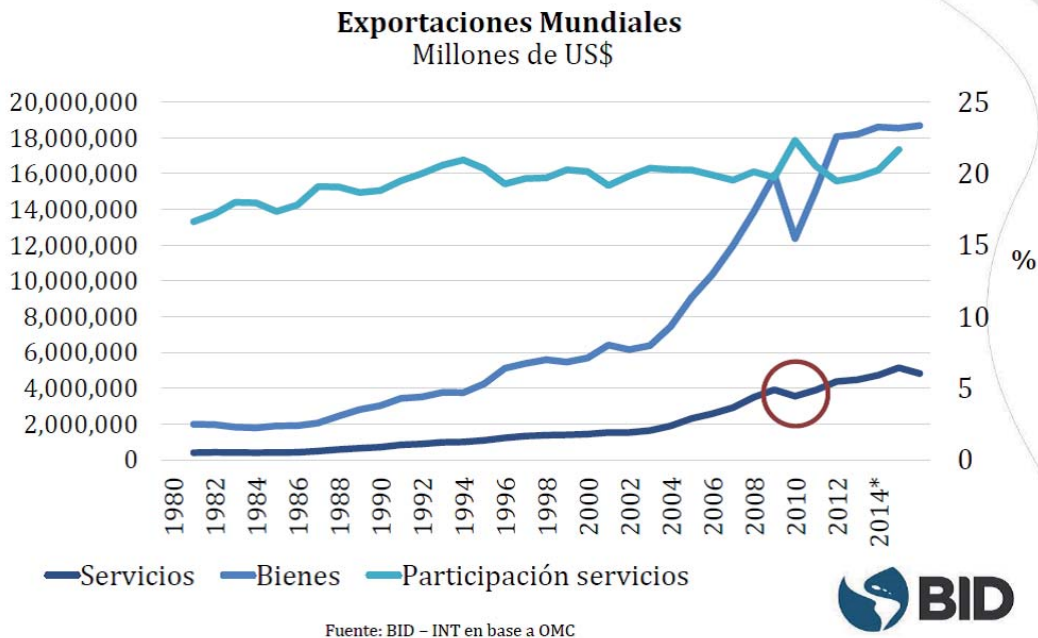
What part can small and medium-sized enterprises in Latin America and the Caribbean play in this process? How can they adapt to technological changes and transformations in global value chains? How can we increase the productivity of the service sector and make it more competitive?

The event was organized by the [Institute for the Integration of Latin America and the Caribbean \(INTAL\)](#), part of the Integration and Trade Sector (INT) of the Inter-American Development Bank (IDB), in partnership with Argentina's Ministry of Production and the Inter-American Dialogue. SMEs and their role as service providers were the focus of proceedings.

There were presentations on this topic from IDB trade and integration specialist **Federica Gómez Decker**, and **Gustavo Crespi**, lead specialist in science and technology at the IDB's Competitiveness, Technology, and Innovation Division.

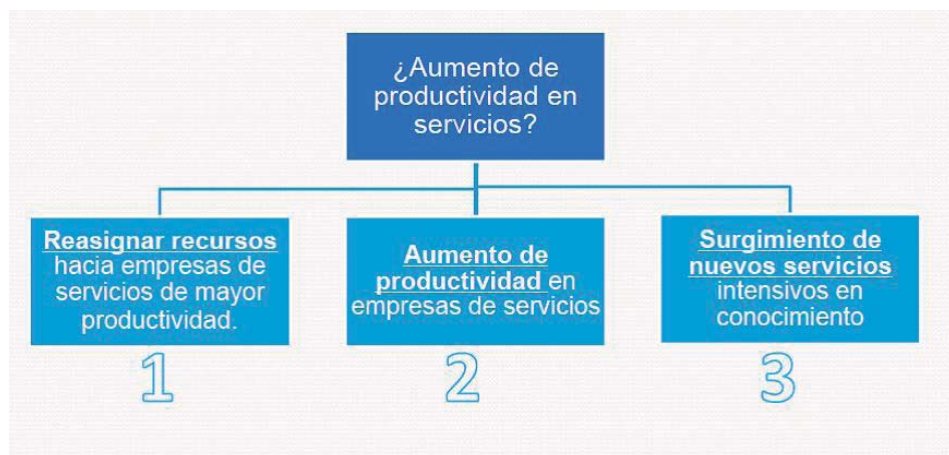
Ms. **Gómez Decker** argued that it is fundamental for Latin America and the Caribbean to take advantage of the opportunity that the global service trade represents. "To achieve this, improving the national regulatory framework is vital, as is creating a good business environment for service companies," she said. She also emphasized the need to move beyond systematic statistical limitations on exports of services and argued that the sector is capable of handling adverse situations.

"It is crucial to avoid crowding out in staff training programs and complement the education options on offer," said Ms. Gómez Decker, whose [presentation](#) revolved around niches of demand where there are competitive advantages, which in Uruguay include business services, ICTs, architecture and engineering, and the health sector.



The next speaker, [Gustavo Crespi \(link in Spanish\)](#), underlined that the service sector employs more than 60% of Latin Americans and that within this sector, SMEs play a vital role in job creation. However, he said that the stumbling block for growth is productivity. To increase productivity, he recommended reallocating resources, improving static efficiency in this allocation process, and generating new knowledge-intensive services, where Latin America has the potential to become a platform for innovation.

Increasing Productivity in the Service Sector



Source: Gustavo Crespi's presentation at the INTAL Winter Colloquium.

According to Mr. Crespi, “services are here to stay,” but active, focused public policies are needed to promote innovation, especially within SMEs. On the basis of its natural resource platform, the region could build services into one of the pillars supporting its future development.

The Sharing Economy: What's Mine Is Yours and What's Yours Is Everyone's

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The Institute for the Integration of Latin America and the Caribbean (**INTAL**) has been working to develop the state of knowledge on technological change, global trade, and new forms of integration. Earlier issues of *INTAL Connection* analyzed the impacts of the technological revolution on [trade](#), [ICT-based services](#), [digital manufacturing](#), [the bioeconomy](#), [big data](#), and [nanotechnology](#).

This article addresses the development of tools for the sharing economy and lays out the main opportunities it may bring for Latin America and the Caribbean and the challenges it poses.

“The sharing economy is a movement that will have an impact on par with the emergence of the Internet,” argues Shervin Pishevar, an expert in venture capital and an enthusiastic investor in technological start-ups. The majority of the economic, social, and even political revolutions that we’ve witnessed in recent years have shared one intrinsic feature that has made their impact radical and immediate: technology. But there are other contributing factors: the low global economic growth of recent years and new levels of awareness of the impact of climate change.

If we examine the technological heart of this new trade paradigm, what we find is that new technologies have cut trade costs in novel ways and made access to the information necessary for trade more affordable. The information and communications revolution has enabled markets to expand, led people to explore new alternatives, and sped up transactions. However, all this has already been happening as a result of e-commerce, which has grown markets and made our world more integrated. So what’s new about the sharing economy? What makes it different is that it has enabled the creation of a supply of and demand for goods that were previously not in circulation, or were only traded to a very limited degree. The way this new trade is taking place is increasing the personal contact between those involved and saving resources, such that it dramatically reduces the impact of our actions on the environment, in addition to other costs.

The sharing economy is making it less important for us to permanently own certain goods, especially certain long-lasting ones. Why should I buy a car if there’s a platform that lets me access transportation cheaper and faster? Owning goods is becoming less important than having access to them, which is supported by the idea of a cheaper, more efficient, and much more sustainable form of trade. But as with any disruptive change that threatens the status quo,

the sharing economy is not without its naysayers. There are also legitimate concerns around the regulation of these new business models and worker protection.

In Latin America and the Caribbean, this economic revolution could be the driving force we need to innovate in productive sectors and generate new types of exports, above all in the service sectors. We have a young population that openly embraces technology, a production model that needs to become more efficient and competitive while also making responsible use of natural resources, and a culture in which sharing lies at the heart of our concept of family and social relationships. Government regulation, especially at the local level, and greater regional integration could be the keys to help us ride this new wave.

From “You Are What You Have” to “You Are What You Share”

Sharing is as old as humanity itself, but collaborative consumption and the sharing economy are phenomena that were born in the Internet age (Belk, 2014). What is new is the scale of the goods and services that can be traded in less time, at a lower cost, and even between strangers.

The meaning of the term “sharing economy” is somewhat vague and can include a large range of activities (Richardson, 2015). According to Thomas (2015), it was mentioned for the first time in 2008 in reference to a form of collaborative consumption involving activities such as sharing, exchanging, or hiring resources without the need to transfer ownership of them. Authors such as Stephany (2015) suggest that the sharing economy is based on the possibility of taking goods that are being underutilized and making them available to the community through the Internet, which cuts down on our need to own things (Richardson, 2015).

According to Belk (2014), there are two common denominators for the sharing economy. First, access to goods and services on a temporary basis without a transfer of ownership. Second, using the Internet as a space to carry out these transactions, especially since the development of Internet 2.0 and the spread of mobile technology. As a model, the sharing economy is characterized by the following core features (PWC, 2015):

Digital Platforms

Trade in goods and services are based on online platforms that enable real-time connection so as to bring the supply of goods and services together with consumer demand. For example, Airbnb connects travelers seeking rooms or houses to stay in with owners; a single click brings an Uber driver to pick us up and take where we need to go in a matter of minutes.

Access vs. Ownership

Accessing a good or service may include a range of possibilities that focus more on use than ownership. This shift from ownership to access (Romero and García, 2015) is giving many people the chance to enjoy experiences that they might not previously have been able to afford and making goods available in a way that allows them to be used more efficiently.

Collaborative and Community-Based Consumption

The idea of belonging to a community and generating value on both sides of a given transaction has given rise to a more sustainable and affordable form of consumption. This creates a closer relationship between whoever is offering a service and whoever uses it, impacting both sides. Two examples of this are the carpooling system run by Bla Bla Car or Wallapop's online marketplace for secondhand goods. The main added value of this new trend towards sharing, in addition to economic gains, is the production and development of knowledge, which can become a starting point for new business models (Romero and García, 2015).

Trust Is the Foundation for Success

Technological development is giving way to a new type of economy where goods and services are shared and traded via online platforms that use an unbeatable marketing system: reputation and consumer confidence. Without other travelers' recommendations, it would be impossible to stay in a stranger's house or let people you don't know into your car for a day-long journey. More information is circulating on the market, which enables us to allocate resources and meet needs more efficiently.

Why Now?

The idea of sharing without the need for ownership and of making goods that aren't being used optimally available has also grown in recent years as a result of the low growth of the economy, which has prompted people to look for cheaper options for essential services. These new forms of services also mitigate the inequality that has emerged. Mainstream forms of consumption actually tend to generate an inequality gap, in that hyperconsumption and waste coexist with precariousness and basic needs not being met.

Creativity can come to the service of need and "collaborative or participatory consumption could prove resilient in the current economic and financial climate, and provide a response to the growing uncertainties caused by the economic crisis. It could also represent an opportunity to

get back on track towards sustainable economic, social, and human development in an environmentally friendly way,” adds the European Commission in its report.

As a result, for thousands of people, platforms such as **Airbnb** or **Uber** have given people a way out of unemployment or become a source of extra income by enabling them to rent out a room in their house or spend a few hours of their free time behind the wheel. They’ve also used platforms like **Wallapop** or **eBay** to sell things that they don’t use anymore or that they’d rather get rid of.

Concern over the negative effects of climate change on our planet has also been a major factor. It is clear that current levels of production and consumption in some countries are not sustainable or compatible with the idea of greater equality and access to resources for the entire population. It is predicted that by 2025 there will be 9 billion of us on the planet, which means we will have to radically change our forms of consumption.

The third factor, and perhaps the most important, is technology, which has relentlessly changed the rules of the game by modifying a huge number of activities across the board, adapting processes to this new reality.

Carlos Blanco, a well-known Spanish entrepreneur, believes that “this new way of consuming is a consequence of digitization, but it’s also a response to overpricing, bad service, and bad regulation. It’s a Trojan horse into a system that encourages the existence of US\$533 billion worth of objects that are never used” (García Vega, 2014).

Some 40% of the world’s food production goes to waste; private cars spend 95% of the time standing still; in the United States there are 80 million drills whose owners only use them 13 minutes per year on average; and English drivers waste 2,549 hours of their life circling the streets in search of a parking space (García Vega, 2014). In other words, we are up against huge waste that new technologies could help to address.

However, the new model is not technology itself. Instead, technology has enabled an innovative paradigm shift that empowers individuals, creates economic, social, and environmental value, and enables collaborative practices that are a fundamental part of human nature and that allow others to use resources more efficiently (Martin, 2016)

A report by the consulting firm PWC (2014) predicts that the sharing economy has the potential to grow from its current income level of US\$15 billion to US\$335 billion by 2025. Many industries have been shaken up by these new practices. These include the hotel sector (Airbnb, CouchSurfing, or Homeaway), transportation (Uber, Lyft, Bla Bla Car, and bike-sharing systems), entertainment (Netflix, Amazon Library, or Spotify), and even the banking sector, through new microfinancing models using crowdfunding platforms or new forms of payment.

Transaction Costs

Like in any revolution, the sharing economy has winners and losers, supporters and naysayers. Many enjoy it, few can ignore it, and it is developing at a dizzying speed. Despite PWC's positive economic projections, there are still few studies that effectively measure the real impact that this transformation is having on all sectors of the economy.

For some authors, the sharing economy is a response to a culture marked by hyperconsumption and waste (Shor, cited in Richardson, 2015), or a way of driving responsible consumption as a new path to sustainability (Martin, 2016). It is also a way of promoting greater equality in resource distribution by lowering the barrier to access: only paying to use a good or service is much cheaper than having to buy and own it (Botsman and Rogers, 2010).

However, other authors emphasize that some collaborative platforms, especially those that are most widespread, such as Uber and Airbnb, are being criticized for transferring risk to consumers, creating unfair competition, establishing parallel or legally questionable markets, and even promoting tax evasion (Martin, 2016).

This has translated into episodes of violence in some cities (such as confrontations between taxi drivers and Uber drivers), and many have pointed to the lack of regulation and slow reactions from governments as being the cause.

An article in the *Harvard Business Review* acknowledges that there is mutual interest between companies that form part of the sharing economy and governments (especially at the local level), but they fail to agree on how to regulate these new markets (Summers and Cannon, 2014). These authors believe that the key lies in aligning firms and governments to establish innovative, flexible forms of regulation that will enable this new model (which is sometimes still somewhat uncertain) to grow and develop, while also protecting those working within it and providing a way out for those who wish to leave it.

But the authors also call on companies to take part in developing these new regulations—both winners (the new platforms) and losers (taxi unions, for example). They advise companies to be proactive, reach out to regulators, share information, and make use of research and best practices in other countries and cities. “It is easy to blame regulators for business problems [...] It is more difficult but far more rewarding to avoid regulatory problems and enjoy business success” (Summers and Cannon, 2014).

There are many examples of local governments addressing the problems posed by these new businesses through innovative laws. In Amsterdam, Airbnb has become a major tax ally by regulating its operations in terms of security and competition with traditional hotels (limits to the number of days per year a room can be rented out) and identifying citizens who benefit from it to

ensure they pay tax on their extra earnings. In some instances, local governments themselves have launched sharing economy initiatives. The best-known examples of these are bike-sharing systems, which cut down on traffic and reduce air pollution.

More Sharing Tools in Latin America and the Caribbean

Latin America could have been the epicenter of this new trend. Sharing is in our DNA, we are aware of the effects of climate change and the need to care for the environment, and the majority of our population are millennials, and thus digital natives. However, we still lack solid policies that promote the development of these platforms and regulate economic activity within them; a transparent, flexible financial system that permits greater international transactions; and, of course, greater regional integration between our countries so as to strengthen our markets and become more competitive.

The agenda of collaborative activities that could have a major impact on developing and improving sectors that contribute to expanding and diversifying the region's exports is yet to be written. Most governments in the region have responded to this phenomenon with reactive proposals regarding the provision of domestic services, particularly transportation. But the idea of taking advantage of these schemes within the tourism industry, for example, or of promoting the use of sustainable resources in the region is only just starting to emerge.

According to Ricard Pérez Garrido in a report on the collaborative economy in Latin America (IE, IDB, and FOMIN, 2016), "the sharing economy presents enormous opportunities for developing economies in terms of resource optimization, job creation, and the spread and maturing of technologies that are more linked to real socioeconomic contexts than a forced globalization."

According to the report, sharing economy initiatives are concentrated in a handful of countries, led by Brazil (32%) and followed by Argentina (13%), Mexico (13%), and Peru (11%). "This is a very young ecosystem: most initiatives were created in the last five years. The speed at which technologies have been adopted in recent years and the growing popularity of these initiatives as ways of structuring traditional trade relations imply the need for a major launch platform that would generate multiple alternatives as real, viable examples of this sort of undertaking emerge" (IE, IDB, and FOMIN, 2016).

Platforms and initiatives that were developed abroad currently coexist with others that were created in Latin America itself. The best-known and most used international platforms are Uber, Airbnb, eBay, Bla Bla Car, Cabify, Wallapop, KickStarter, and Homeaway (Ouishare.com). Due

to the size of the market these companies are accessing, their local growth has been exponential in recent years.

Initiatives created in the region itself are more modest but they still have enormous potential. In Brazil, examples include Vayable (the hotel sector), EasyTaxi (transportation), and Tutanda.com and TuVakita (two start-ups from the FinTech world which are attempting to make inroads into the financial sector). Other start-ups in the media and entertainment sector have altruistic aspects to them which are often the reason they were founded or the driving force for the entrepreneurs behind them. This is the case with Linguoo, a platform created by Emanuel Vilte, an Argentine computer scientist who started from the idea of creating an app that would allow the visually impaired to access online content, but which has the potential to become the radio of the future. Today, Linguoo has more than 25,000 users in over 88 countries and is growing by 24% annually. Its founder recently won second prize in the INTALENT competition that INTAL organized to reward creative and innovative entrepreneurs in the region.



Emanuel Vilte, who was awarded a prize by the MIT Technology Review en español as one of its Innovators under 35 for 2015.

Photo credits: MIT Technology Review en español

All the same, there are a few successful initiatives that have managed to take off and make an impact on the economies of their country or the region. There is a need for intelligent policies that regulate this new economic model but are flexible enough to allow it to grow in the direction where it is needed. There are successful experiences that may prove to be sources of inspiration; however, there needs to be consultation with firms, universities, governments, labor unions, entrepreneurs, and other players in the business ecosystem regarding the challenges they are facing and the opportunities that lie ahead of them.

The following are some of the factors that we will need to work especially hard on if local platforms are ever to truly take off:

- **Generating confidence in the market.** Customers/users get involved in these new business models very slowly, sometimes because they don't yet trust them, and sometimes because they don't know enough about them. Other interesting tools include the sharing of success stories and joint promotion efforts between services and the public sector (for example, in cases where a new service improves aspects of citizens' everyday lives, such as transportation or security).
- **Intelligent legislation.** This would entail neither stopping new economic players from entering the system or creating legal vacuums that encourage parallel markets or abusive labor practices. Instead, it would focus on jointly developing policies that would guarantee a progressive transition to new forms of production and consumption, generating new opportunities for workers to become part of the system, with safeguards and rates, as should also be the case in traditional industries or firms that are seeking to modernize.
- **Fiscal collaboration** between government and new platforms so as to guarantee that the services they provide coexist peacefully and that these new taxpayers are meeting their fiscal obligations. The collaborative economy must be collaborative on all levels.
- **Protection and openness** to guarantee investment in research and development and new patents, while also offering entrepreneurs and new firms data and research that they can use to develop and create alternative ways of consuming and enjoying certain goods. For example, providing data on water or electricity consumption so as to stimulate alternative and more efficient forms of consumption, production, and distribution.
- **Legal and physical security.** On the one hand, legal security is needed so as to guarantee that contracts are complied with, which will drive investment. There are still major legal vacuums in terms of the regulation of new forms of consumption and trade in goods and services. On the other hand, there needs to be more work in relation to citizen

security. High crime rates in some parts of the region would make it difficult for some initiatives to triumph simply because of people's fear of strangers (for example, Bla Bla Car or carpooling systems in general).

- **Financial and banking integration.** The exponential growth of the sharing economy is due partly to the speed and ease of carrying out financial transactions through digital platforms. This includes not only traditional payment methods but also new applications, forms of financing, and means of payment. Without greater integration and support for new financial technologies (FinTech), it will be hard for the sharing economy to evolve. This could constitute an obstacle in Latin America.
- **Internet access and education.** Despite progress in these areas, in recent years there has been a stagnation in digital penetration and a backsliding in the quality of education. We need a population that is prepared, skilled, and connected so that it can put all its creativity to work to create new forms of production and consumption that are more sustainable, make more of an impact, and allow our region to solve the grave problems of inequality and poverty once and for all.
- **An outwardly looking agenda.** The countries of LAC need to move forward with promoting collaborative schemes that have repercussions on exports. For example, small and medium-sized enterprises could come together to access strategic resources that would allow them to reach new markets: sales platforms; reductions in transportation costs through collaborative logistical activities; public purchases that go beyond borders and that seek to operate at scale so as to bring prices down; a crosscutting use of big data tools to leverage trade intelligence; encouraging collaboration between the public and private sectors to optimize foreign trade institutions that currently operate in an unarticulated fashion and carry out overlapping tasks. The impact on global value chains remains to be studied, but in any case, these aspects need to be taken into account. Similarly, more sophisticated statistical studies need to be carried out so as to gauge prospects for the service sector in the international context more effectively.

Conclusion

Disruptive changes make us feel strong and vulnerable at the same time. As a society, we can clearly see the benefits that the sharing economy entails, but we also perceive how fragile its foundations are. We need to invest in a new form of production and consumption that will be sustainable for our society and that of our children, but at the same time, we need to protect those who such changes will hit hardest.

Carlota Pérez at the London School of Economics states that “technology only defines the space of what is possible, but creating an environment where everyone stands to benefit is a sociopolitical choice.” As always, we are the architects of our circumstances. For the sharing economy to work as a system for everyone, we need to understand that responsibility for it must also be shared.

Today, taxi drivers are declaring war on Uber drivers. Meanwhile, a spin-off from the Massachusetts Institute of Technology (MIT), NuTonomy, has just announced that its autonomous (driverless) cars already circling the streets of Singapore, and in a few years they will be doing the same thing in cities throughout the world. So will Uber drivers soon be declaring war on... Robots? Everything is changing at a dizzying speed. There is no time to waste on pointless struggles. Instead, we need to work together to find sustainable solutions that include everyone and improve our lives.

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[1] For more on this issue, see Carlota Pérez's [article \(link in Spanish\)](#) in the Integration and Trade Journal.

Inspiring Activities

Demand solutions to improve lives

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#DemandSolutions

4 OCT 2016 - Washington DC

The Challenge Facing MSMEs in South America

- [Inspiring Activities](#)
- [n240](#)

On August 11 and 12, 2016, the [Executive Technical Group on Trade Integration through Postal Services for MSMEs \(link in Spanish\)](#) met in Montevideo as part of the [COSIPLAN/IIRSA Work Plan](#). The meeting was coordinated by [INTAL](#) and its aims were to share knowledge and experience on trade facilitation processes and define the next steps to be taken to contribute to trade integration through each country's postal service at the regional level.



The meeting was attended by representatives from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela, and INTAL in its role as Secretariat of the COSIPLAN/IIRSA Technical Coordination Committee. Also present were representatives from Guatemala, Mexico, Panama, the World Customs Organization (WCO), the Universal Postal Union (UPU), and the Postal Union of the Americas, Spain, and Portugal (UPAEP).

Trade Facilitation for MSMEs

Experts from the UPU, the WCO, and ALADI took part in the first day of the event, at which they discussed global trends in the integration of MSMEs into international trade, and trade facilitation using postal logistics and technological tools.

In this context, the IDB presented the [ConnectAmericas](#) website as a platform that promotes the use of information technology to help small companies go international. A committee of government officials from Ecuador, Peru, and Uruguay was created, which will work together with the IDB team to create a community within this website called “Exporta Fácil for MSMEs”. The countries stressed the importance of having this sort of space, as one of the main obstacles that small companies are up against when trying to export is the lack of information on buyers and reliable spaces where people from other markets can get to know them. The delegations present recognized that SMEs that manage to start exporting become better companies, increase the quality of their products, sell more, are more productive, and employ more people while paying better salaries.

The UPAEP presented an international trade facilitation project for MSMEs from its member countries. This four-year project will help improve the Exporta Fácil and Importa Fácil programs in countries that already operate this service, and the implementation of these in countries that wish to do so. It will use training, outreach, and communications tools to achieve this.

Exporta Fácil Is Making Progress in South America

As part of the agenda, those present reviewed the activities that had taken place the previous year so as to assess the headway that had been made in implementing the project. Ecuador presented the results of the monitoring visit that took place in November 2015, emphasizing the progress, challenges, and prospects of the Exporta Fácil project there. Ecuador’s Ministry of Trade launched the new Exporta País Program, which aims to provide individualized training and technical assistance to Ecuadorian companies, especially MSMEs, and to organizations that form part of the social and solidarity economy by improving their processes and exportable supply.

Paraguay commented on the development of the Exporta Fácil program there, which began with a visit in 2015 and the prediagnostic report. Support for this work comes from a team of government officials from countries that are already operating the service, through an IDB Technical Regional Cooperation program administered by INTAL. June 2016 saw the implementation visit to Paraguay, the objective of which was to provide support for the local team in designing Work Plans to implement the Exporta Fácil program. The different

government agencies that make up the project's interinstitutional committee set November 2016 as a tentative date for MSMEs to start exporting via this system.

ProChile presented the progress that had been made in the context of the Pacific Alliance. Its aim was to assess the integration and harmonization of the Exporta Fácil program within Pacific Alliance member countries so as to reduce red tape, facilitate export processes, reduce international shipping costs, and increase trade within the Pacific Alliance.

The results of the Exporta Fácil program were analyzed following the compilation and calculation of indicators for the project that were defined at the last GTE meeting. These indicators play an important part in enabling an analysis of whether the main objectives of the project are being met in each country and in being able to compare their different outcomes. Some of the more noteworthy preliminary results of the use of the Exporta Fácil program in the region are: i) the cumulative increase of 327% in the destinations of shipments from Uruguay from when the program began in 2009 up to now; ii) the fact that the three main cities in Colombia account for 81% of all exports, on average, for the last four years; iii) the low share of shipments from Peru to other countries in South America in comparison to its shipments to the rest of the world, which stands at 16% for the last three years; iv) the considerable drop in shipments from Ecuador in 2015, around 70% in terms of both quantity and FOB value; and v) the increase in shipments within Peru, which rose 28% in 2015, although total shipments fell by 13% in the same period.

Actions to Strengthen Trade Integration through Postal Services

The countries analyzed the 2016 Work Plan through a practical exercise that enabled them to identify the obstacles that arose when implementing planned activities. In order to strengthen their commitment to the actions that form part of the 2017 Work Plan, the delegations agreed to sign the Montevideo Pact. The agreement envisages that the COSIPLAN National Coordinators and high-level authorities in each institution involved in the system will be kept informed of the progress and needs of this GTE, and sets out the actions needed to carry out the initiatives that have been defined.

The 2017 Work Plan includes initiatives in four main areas: Exporta Fácil and Importa Fácil, the connectivity pilot scheme, dissemination of information, and coordination with UPU/UPAEP. To move forward with this work, some countries were made responsible for developing a work calendar and coordinating each initiative.

The delegations present praised INTAL's part in coordinating the project and providing support to countries in implementing this tool throughout the region and in publicizing the GTE's

achievements. INTAL functions as the permanent Secretariat of the COSIPLAN/IIRSA Technical Coordination Committee.

Agrobiotechnology, Integration, and Communication

- Inspiring Activities
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Agrobiotechnology's potential contribution to the sustainable and equitable development of the region was the core topic of the communications seminar held on Tuesday, August 9, 2016, entitled "The Challenge of Communicating What We Do."

High-profile specialists shared their experiences and discussed tools for optimizing the spread of agrobiotechnology, improving public opinion of it, and contributing to a smooth dialog between the different players in the regional value chain.

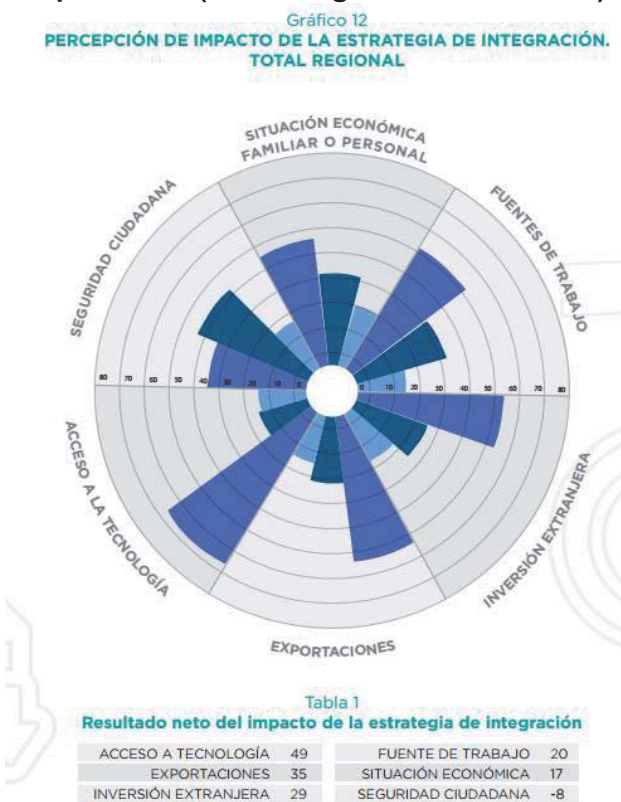
The opening remarks were given by the secretary of added value at the Ministry of Agribusiness, **Néstor Roulet**, who argued that biotechnology applied to the agriculture sector would allow the country to "increase productivity while safeguarding the environment." He added, *"to achieve this, we need to work towards linking all sectors that form part of the production chain and improving communications between the links of this chain and society as a whole."*



Roulet stressed that the next industrial revolution “will go hand-in-hand with solar energy.” He went on to reflect further on this: “we need to think about how we can use the sun to create more biomass.” He also commented on organic products, saying that “they are a good thing and complement the other production model.”

Gustavo Beliz, the director of INTAL, made a plea for avoiding both “techno-utopianism” and “techno-scepticism” and mentioned data from the most recent Latinobarómetro survey, which found that six out of ten Latin Americans saw the possibility of accessing new technologies as one of the positive aspects of integration. “Latin Americans are moderately optimistic about the impact of new technologies,” he argued.

Questions: Over the past five years, (country name) has been pursuing a global integration strategy. Do you believe that this strategy has had a positive or negative impact on... (Percentage of total answers)



Source: INTAL/Latinobarómetro 2015 (link in Spanish).

Mr. Beliz also reminded those present of the impact that new technologies have on trade agreements and bilateral treaties, two topics that INTAL repeatedly engages with. His final

words motivated the audience with the claim that “what Latin America finds hardest to do is resign itself to a lack of innovation.”



Lastly, **David Mergen**, US agricultural counselor in Argentina, Paraguay, and Uruguay remarked that there is an ongoing challenge in relation to “explaining the benefits of agrobiotechnology to the general public as a way of feeding a growing population.” He added that “Argentina’s biotechnology experts are globally renowned.”

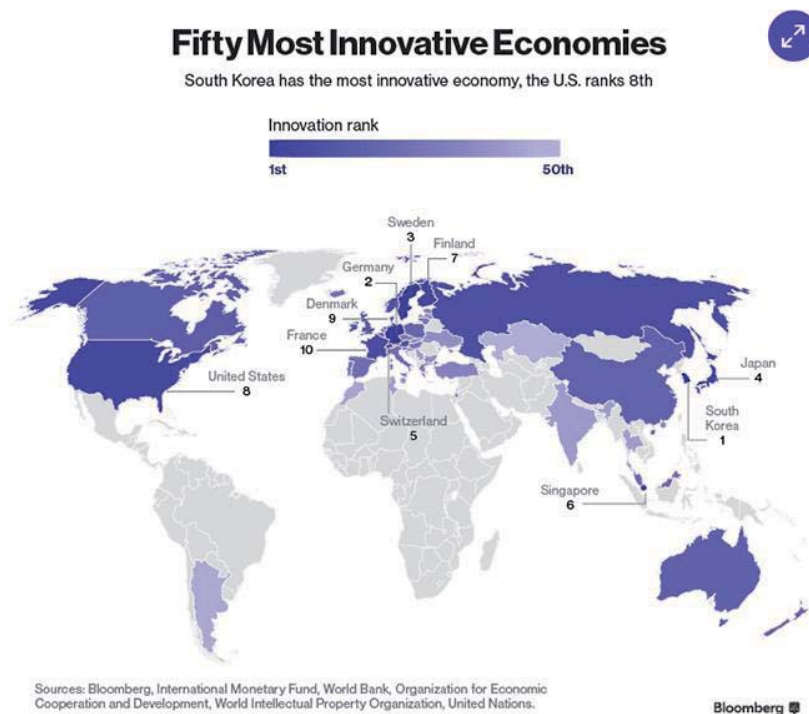
Agrobiotechnology and Productive Development

The first panel discussed the importance of agrobiotechnology in the transformation of Argentina’s production patterns. it was moderated by **Mariano Lechardoy**, undersecretary of bioindustry at the Ministry of Agribusiness, who stressed the vital importance of communication and the state’s responsibility as a guarantor not only of biosecurity but also of smooth communication: *“the challenge of successfully spreading awareness of scientific and technological advances implies dealing with fears and setting minds at rest so as to foster open exchanges with the general public.* Communication needs to be an active part of the change

that we are living through, as part of the process of adding value and strengthening agribusiness.”

Cecilia Llabrés, policy coordinator for the Department of Biotechnology at the Ministry of Agribusiness, was the first speaker on the panel and described how agricultural biotechnology will help Argentina to be “at the global forefront.”

Ms. Llabrés cited the 2015 Bloomberg Innovation Index, which includes Argentina among the 50 most innovative economies in the world and ranks it highest in Latin America.



In addition to the economic impact that agrobiotechnology is having in Argentina, “which is enabling the country to be the leading global exporter of soy oil and the second largest exporter of maize,” Ms. Llabrés drew attention to the FAO’s description of the country as a “gold standard for the biosecurity of genetically modified organisms.”

The next speaker was **Gabriela Levitus**, director of Argenbio, who argued that “everything that we eat is a result of our improvements on nature, rather than nature itself, and as such, it has been modified in some way.”

Ms. Levitus explained how biotechnology is present in many everyday products such as foods, medicines, vaccines, and the enzymes used in industrial applications such as the paper and textile industries: “without biotechnology, we wouldn’t have the growth hormone that Lionel Messi was treated with.”^[1]

According to Ms. Levitus, genetically modified crops allow us to produce more food on less land with lower environmental impacts. She gave the Bt toxin from *Bacillus thuringiensis* as an example, as its use in crops enables higher yields, greater flexibility, lower quantities of insecticides, higher quality grains, and lower levels of mycotoxins.

The final speaker on the panel was **Valeria Durand**, a member of the Argenbio team, who talked about how to shape public opinion and the role of opinion-makers. She argued that we need to work on the lack of awareness of new technologies without ignoring the fears that these can arouse in society. To achieve this, she suggested “using humor, stamping out myths, taking advantage of opportunities, and going wherever those who think differently are.”

Useful Communication Tools

After the break, it was time to work on specific communication tools. The first speaker during this second part of the event was **Nora Bär**, a journalist for *La Nación* newspaper who referred to research by the sociologist Gordon Gauchat, who argues that public trust in the scientific community is falling. Another factor is public opinion of risk. For example, people are more worried about traveling by plane than driving on the highway, even though, statistically speaking, the latter causes more accidents and injuries. Ms. Bär believes that scientists will play a key role in the making of informed decisions.



Pablo Croci, director of Mot Content and a digital marketing expert, discussed how to strengthen digital personal brands through social media. Mr. Croci began his presentation by arguing that “whether we like it or not, we have a digital identity and we need to work on it.” He went on to outline tactics to define the right assets, measure objectives, establish messages, and build a relevant dialog on social networks where the average user “decides whether they’re interested in something in the space of five seconds.”

The next speaker was **Sergio Rulicki**, an expert in nonverbal communication and professor at Austral University, who provided effective tools for oral presentations such as how to use your eyes and hands, posture, facial expression, and tone of voice. Nonverbal communication is important for making the message being transmitted consistent with the ways in which it is expressed. In Mr. Rulicki’s words, “nonverbal communication offers tools that allow us to use our bodies more assertively, that is to say, in line with the communicational objectives of each moment in our presentation.”



The final speaker on the second panel was **Valeria Edelsztejn**, who holds a PhD in chemistry and is a researcher at the National Scientific and Technical Research Council (CONICET) and the author of the book *Los remedios de la abuela* [*Grandma's remedies*]. Her recommendations included making the message clear, concise, and categorical; and choosing the right place and the right time to put it across.

Among those who took part in the event were the executive director of MAIZAR, Martín Fraguío, and of the Argentine Seed Producers Association (ASA), Martín Rapella; the special project coordinator at the Argentine Seed Institute (INASE), Mónica Pequeño Araujo; members of the Argentine Advisory Committee on Agricultural Biotechnology (CONABIA); and members of the communication teams at the Argentine No Till Farmers Association (AAPRESID), the Grain Exchange, research institutes, and academic sectors.

[1] A reference to recombinant human somatropin.

The Winner of the INTAL D-TEC Has Quadrupled His Operations

- [Inspiring Activities](#)
- [n240](#)

In less than a year, the winner of [INTAL D-TEC \(link in Spanish\)](#), the competition organized by INTAL to reward tech start-ups making a regional impact, has scaled up his operations by a factor of four, doubled his staff, and now has 1% of the market share for point-of-sale (POS) terminals in Argentina.

In October 2015, [Increase \(link in Spanish\)](#) was chosen as the winner of the [INTAL D-TEC competition \(link in Spanish\)](#) and was awarded a US\$10,000 prize, assistance from the incubator Endeavor Argentina, promotion through the ConnectAmericas network of contacts, and the opportunity to take part in the Outsource2LAC event.

The jury included Martín Migoya, CEO of Globant; Emiliano Kargieman, CEO of Satellogic; Hernán Kazah, founder of Kazsek Ventures; and Gabriel Casaburi, the IDB's leading private-sector specialist. Each of the judges based their decision on three main criteria: entrepreneurial initiative, business potential, and relevance to the INTAL D-TEC competition.

A year after winning the competition, has [Increase](#) been able to prove its potential?

The company is a platform that allows shops and major businesses in Argentina to manage, oversee, and automatically visualize each of their credit and debit card sales.

There are serious problems throughout Latin America with visualizing payments by credit and debit card as these take between 48 hours and 120 days to clear. In each country, different taxes and bank charges are levied on payments, and additional charges and the administrative procedures for claiming these back vary from country to country. [Increase's](#) clients often mention how tracing each operation was impossible before it was launched.

In November 2015, Increase had 874 POS terminals connected to its system, but with the help of the IDB and Endeavor and by constantly improving its technology, the firm has grown by more than 30% per month. Eight months after winning the INTAL D-Tec competition, it has almost 4000 terminals online, which represents 1% of Argentina's POS terminal market.

Part of that growth is also reflected in its staff numbers. In November 2015, the company had 12 employees; today, eight months later, it has 21 full-time employees. Half of the team works in development and half in marketing and support. The latter is where the company has grown most in the last few quarters.

At the beginning of 2015, the company's directors had decided not to take part in entrepreneurial contests and competitions so as to focus exclusively on expanding and on the quality of the service they provide their customers. Competing in INTAL D-TEC was an exception which really paid off, as has been demonstrated by the way the company has grown since it decided to take part.

The start-up invested all the prize money in the company itself. Building up the firm with the help of the Endeavor Argentina network opened up commercial opportunities, as did promoting it through the ConnectAmericas network of contacts.

As an additional benefit, one of the competition judges became interested in finding out more about Increase and is today one of the most active investors in its expansion, which will become even more evident in 2017.^[1]

^[1] This year, INTAL launched a new competition in partnership with MIT, [INTALENT](#), the winners of which were announced last month.

Regional Integration 4.0 Big Data for Big Integration

- [Inspiring Activities](#)
- [n240](#)

[Big Data](#), the Internet of Things, and predictive analysis have become an essential part of company logistics by reducing transportation and security costs, identifying expected demand with greater precision, and improving the timeframes for new product launches. These methods have implications for almost every sector, from industrial products to entertainment. Real-time optimization and more exact predictions are making value chains more resilient.

Big data is also making a key contribution to meeting sustainable development goals: analyzing vast quantities of information in real time is of vital importance for multilateral organizations and governments, as has become particularly evident during environmental catastrophes or the spread of contagious diseases.

Looking towards 2030, Latin America is one of the regions with the greatest potential for growth in the digital economy. The use of big data tools is key to improving firms' competitiveness and reducing their operating costs. It is also essential for the public sector in areas such as physical infrastructure.

At INTAL's flagship event, [Regional Integration 4.0 \(link in Spanish\)](#), we will be asking how modern data analysis techniques can help policymakers and entrepreneurs plan their global integration strategies in a smarter, more sophisticated way, through public–public and public–private partnerships.



Developing greater analytical intelligence on the basis of sophisticated data analysis could bring about a revolution in the trade in goods and services through precision integration. There is a correlation between these new technologies and the transformation of production patterns, which INTAL and Argentina's Ministry of Production and the Inter-American Dialogue analyzed in detail at the [INTAL Winter Colloquium, Glocal Future \(link in Spanish\)](#).

At the October event, the panel on big data will be led by Colin Maclay, director of the Digital Initiative at Harvard Business School and of the Annenberg Innovation Lab at Southern University, California, one of the most renowned experts on new technologies at the global level. Also taking part is Facundo Alvaredo, who codirects the World Wealth and Income Database, the largest income database in the world, together with the economist Thomas Piketty. Other participants include Marcos Galperín, founder and CEO of MercadoLibre, an online marketplace that operates in over 19 Latin American countries, and Walter Sosa Escudero, director of the economics degree at the University of San Andrés and an expert on

applied econometrics and author of the book *Qué es y qué no es la estadística* [What statistics are and what they are not].

For more information on the event, to sign up to attend, or to download the complete agenda, visit the following site: <http://www19.iadb.org/intal/integracionregional/> (link in Spanish)

Integration in Motion

SIX FEATURES THAT DEFINE THE FEMALE LEADERSHIP

- [Integration in Motion](#)
- [n240](#)
- [The SME Space](#)

Women in Latin America and the Caribbean are experts in handling crises and adapting to change.

Women's involvement in leadership positions is growing worldwide, and the region is no exception to this trend. In May 2014, the presidents of four Latin American countries (Argentina, Chile, Brazil, and Costa Rica) were women; and this trend can also be seen in the [private sector](#), where a growing number of women hold management positions.

Betina Rama, a consultant specializing in this field and the author of the book [Liderazgo Femenino \[Female Leadership\]](#), says that in general, women in Latin America and the Caribbean are experts at managing crises and adapting to change. "This is a positive outcome of the economic and political situations we have experienced. This ability to handle change and deal with uncertainty and ambiguity is fundamental to the success of any company," she explains.

Amalia Vanoli, director of the consulting firm Recursos Humanos Tiempo Real, says that female executives have better-developed emotional intelligence and build good teams which they motivate without losing sight of results. "There are some organizations today that prefer women for certain positions. These are generally companies that have experienced the benefits of female leadership and have strong internal policies to support gender diversity," she added.

Female leadership is needed in teams, organizations, and society: everyone benefits from it. That is why we need leaders of both genders who complement one another.

Female leaders...

- **are people-oriented:** They are sociable, expressive, and available, which has great potential when it comes to achieving their commitments, be it with the goals of their organization or those of a particular project.
- **tend to cooperate:** This makes teamwork more natural for them, as they play an active role in including and supporting people. They also make an effort to ensure that processes are well-organized and healthy.
- **are good at multitasking:** Women have an innate capacity for thinking about and acting on many fronts at the same time. This gives them an advantage when making decisions and handling crises.
- **are horizontal leaders:** [Female leadership is inclusive](#), encourages participation and the sharing of power and information with those they are leading. It tends to create and strengthen group identities.
- **prioritize emotional factors:** They are generally skilled at taking people's "human" side into account and creating high levels of
- **are more open to change:** Their style is innovative and they have a keen sense of quality. They are people-oriented, flexible, communicative, and persuasive.

Today's organizations are more horizontal and interconnected and changes happen in them faster than before. This is why "they need collaboration, empathy, sensitivity, and consensus, which are qualities that are generally associated with women. In general, women tend to get more involved in finding the best solutions within the work team," Ms. Rama says.

According to researchers, women who become leaders change their behavior: some of their own characteristics become more marked, and others that had not previously been part of their identity emerge. Their capacity for analysis develops very quickly, as does their ability to make the right decisions. When women have the [opportunity to lead an organization](#) for a team, they take it on as a true challenge and focus on the project at hand.

Progress on Food Security

- [America](#)
- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)

Ministers from CELAC countries [analyzed](#) the progress made on implementing this plan and the main challenges facing regional food security. They also discussed the impact of climate change on the basis of a new study drafted by the FAO, ECLAC, and ALADI for the event. The meeting took place between August 1 and 3, 2016, in the Dominican Republic.

The CELAC food security plan emphasizes the need for countries to develop national food security laws to guarantee their populations' right to food.

It also calls on countries to strengthen their food supply programs, revitalize food supply companies and centers, promote food reserves, and incorporate a gender perspective in the fight against hunger.

The progress made at the meeting includes a national food security law in the Dominican Republic, regional strategies to reduce food loss and waste, and a program of resilience against drought in the Central American dry corridor.

Gender inequalities are one of the main issues underlying food insecurity in the region.

The event included the presentation of the report entitled "[Seguridad alimentaria, nutrición y erradicación del hambre CELAC 2025. Elementos para el debate y la cooperación regionales](#) [Food security, nutrition, and ending hunger. CELAC 2025. Factors for regional debate and cooperation]" ([link in Spanish](#)).

The FAO is providing support for CELAC in developing a regional strategy for disaster risk management for the agriculture sector and food security since disasters caused damage worth US\$34 billion in the region between 2003 and 2014, affecting 67 million people.

Chile Strengthens Diplomatic Relations with Australia and Finland

- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)
- [Southern Cone](#)

Over the last few weeks, Heraldo Muñoz held work meetings with the deputy prime minister of Finland, Timo Soini, and Australia's minister of trade, Steven Ciobo.

On August 10, 2016, he discussed bilateral affairs with [Mr. Soini](#), after which the two had an extended working meeting with their respective delegations. They also reviewed the cooperation mechanisms currently in force and planned new initiative in areas such as education, mining, [forestry \(link in Spanish\)](#), and energy. The previous day, [Mr. Soini \(link in Spanish\)](#) had taken part in a seminar on bioenergy.

[Chile is Finland's second-largest trading partner \(link in Spanish\)](#) in South America, after Brazil. In 2015, trade between the two countries stood at US\$435 million. Finnish investments in Chile reached US\$100.3 million between 1974 and 2015, mainly in the fishing and aquaculture sectors (81%), mining (15%), and the chemical industry (2%).

On August 18, 2016, Mr. Muñoz received [Mr. Ciobo](#) and the two spoke about issues of shared interest, such as cooperation between Australia and the Pacific Alliance, the Trans-Pacific Partnership, and defense-related cooperation.

Trade between [Chile and Australia](#) stood at US\$697 million in 2015. Between 1974 and 2014, Australian investment in Chile reached US\$4.5 billion, making Australia one of the top ten foreign investors in Chile.

Financing for Road Infrastructure Projects

- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)
- [Southern Cone](#)

The [Caribbean Development Bank \(CDB\)](#) has approved funds for a new line of credit to finance works to address the high incidence of damage that [natural disasters](#) cause to road infrastructure in the region.

The first stage of the project identified potential hazards, with flooding being among the most frequent and costly of events, along with intense rainstorms and increased ambient temperatures. The next step will consist of financing a study to provide possible solutions to such climate-related problems. This will be carried out in two countries that will be selected on the basis of geography and risk profiles.

The [CDB](#) stressed that the proposals must be transferable to other countries and must take social inclusion into account by considering the aging population and people with disabilities, for example.

The CDB's director of projects, Daniel Best, said that "most of the agencies of the bank's [borrowing member countries](#) have not mainstreamed changes in their approaches or requirements for the design, construction, and management of road infrastructure that enhance resilience to the threats from natural hazards and climate change. This is, in part, due to the limited availability of tools for efficiently assessing the vulnerability of infrastructure."

Facilitation of Private Investment in Peruvian SMEs

- [Andean Group](#)
- [Integration in Motion](#)
- [n240](#)
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To promote the development of small and medium-sized enterprises (SMEs), Peru's Ministry of Production has established the country's first [Entrepreneurial Capital Investment Fund \(link in Spanish\)](#). This initiative will facilitate project financing for small companies through private funds.

"There are already private development initiatives in Peru which invest after the due diligence stage. This is a very costly process, so most funds are oriented towards large companies. However, there is no way that small-scale companies would be able to pay an advisory committee to carry out assessment work. The idea is that this fund will make SMEs more viable, and so this is where the Ministry of Production will get involved," explained the deputy minister of micro and small enterprises and industry, Juan Carlos Mathews.

As a result, thanks to the [Promotion of Venture Capital for Dynamic and High-Impact Companies \(link in Spanish\)](#) competition, which is part of the [StartUp Peru \(link in Spanish\)](#) program, SMEs that are interested in accessing a loan can present their project by October, the closing date for the application process. The competition will prioritize companies with high potential for growth and prospects of exporting (or going international), which generate added value, and which stand out due to their business model or an innovative product or service they provide (in terms of design, process, or applied technology). The competition will award prizes of up to PEN 5.7 million per project.

It is hoped that over the next two years, this new fund will finance at least 10 high-impact companies. It will build on these beginnings so as to finance at least 50 further projects over the course of the next five years, generating an annual average growth in sales of 35% and over 5,000 jobs.

After taking part in the launch of the competition, Deputy Minister Mathews said that he was "a firm believer in strategic partnerships and public-private partnerships (PPPs)," which are precisely what the Entrepreneurial Capital Investment Fund aims to promote. "If we don't get involved in some way, no venture capital fund will target small companies. We're acting as facilitators to make that possible," he added.

Argentina and the United States Discuss Their Bilateral Agenda

- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)
- [Southern Cone](#)

Argentina's minister of foreign affairs, Susana Malcorra, met with the US secretary of state, John Kerry, to move ahead with the work agenda agreed on in March 2016 during President Obama's visit to Argentina. The meeting took place on August 4, 2016. Mr. Kerry said that during the visit, "our leaders decided to inaugurate a regular High-Level Dialogue. And this morning, Foreign Minister Malcorra and I officially launched that dialogue."

The meeting was also attended by ministers and other authorities from the two delegations, and it was agreed that the two countries would work together to strengthen cooperation between them. The [topics discussed \(link in Spanish\)](#) included human rights, security, peacekeeping, combating organized crime and drug trafficking, border and airport security, and the fight against terrorism. Mr. Kerry expressed the two countries' shared commitment to addressing climate change and the use of clean and renewable energy.

In relation to economic matters, Mr. Kerry gave information on investment and specifically mentioned his country's support of President Macri's efforts to deepen Argentina's integration into the global economy. "We know that there have been difficult economic challenges, and President Macri has made some very courageous and important decisions in order to move Argentina forward."

[Mr. Kerry also stressed](#) the decision to take the more than US\$20 billion per year "that we do in trade today and grow it in the days ahead. That is also why our governments have agreed on a trade and investment framework" so as to foster a "small business network of the Americas." He added that "most jobs are created by small businesses growing. This small business network is an opportunity to really kick the economy in the right direction." [US ambassador to Argentina Noah Mamet](#) took part in the [INTAL Winter Colloquium \(link in Spanish\)](#) where he explored this idea in detail.

Agrifood Trade Scenarios

- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)
- [Southern Cone](#)

A total of 122 representatives from 22 public and private organizations from Argentina, Brazil, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay, and Venezuela took part in a series of videoconferences which seek to analyze the implications of mega-agreements on economic cooperation for trade in agrifoods. The organizations in question are all members of the Platform for the Promotion, Knowledge Management, and Prospects for Agribusiness in South America (AGROSUR NETWORK [\[link in Spanish\]](#)). To date, they have taken part in the [first meeting \(link in Spanish\)](#) of the series, which is entitled “[New Scenarios in the International Agrifood Trade. Implications for the Countries of South America \(link in Spanish\)](#).”

The series of events, which will include two more meetings, was opened by Félix Peña, the director of the International Trade Institute. “South America is in a privileged part of the world in terms of producing food and supplying the international market. However, the countries of the region need to fully understand the rules of these mega-agreements and make the appropriate preparations,” argued Mr. Peña, who is an expert in international economic relations.

Miguel García, a representative from the Inter-American Institute for Cooperation on Agriculture (IICA), underlined the fact that IICA is assessing and contributing to capacity strengthening among its member states to help them take better advantage of mega-agreements.

Edgar Vásquez, Peru’s deputy minister of foreign trade, said that although his country is one of the ones that stand most to benefit from these agreements because it is part of the Pacific Alliance, there are still topics that need to be discussed, such as overcoming the sanitary measures that constitute barriers to trade.

Promoting the Involvement of Least Developed Countries in Trade Negotiations

- [Integration in Motion](#)
- [International Scenario](#)
- [n240](#)

In 2016, the Republic of Korea established a new fund to help developing and the least-developed countries [participate](#) effectively in multilateral trade negotiations at the World Trade Organization (WTO).

This contribution to the Doha Development Agenda Global Trust Fund (DDAGTF) will finance training workshops for government officials in Geneva and elsewhere.

It will also help these members meet the obligations they have taken on in the context of the [WTO](#) and fully benefit from their membership of it.

Argentina and Brazil Agree to Use Digital Certificates of Origin

- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)
- [Southern Cone](#)

On August 1 and 2, 2016, Brazil's minister of industry, foreign trade and services, Marcos Pereira, met with Argentina's minister of production, Francisco Cabrera, in Buenos Aires, in the context of the [2nd Meeting of the Argentina–Brazil Bilateral Production and Trade Commission \(link in Portuguese\)](#).

At the meeting, the two parties signed a memorandum of understanding to begin use of Digital Certificates of Origin (DCOs) in trade. DCOs are documents that verify that an export good is produced in the exporting country in line with strict conditions of origin. This will lead to a simplification of logistical costs and thus to a strengthening of bilateral trade.

"The issue of trade facilitation is fundamental if trade relations between Brazil and Argentina are to progress. The memoranda that we are signing will cut costs, speed up operations, and make them more secure. With the DCO, the cost to the exporter of issuing the certificate will fall by 35%, and the time the process takes will drop to between three days and 30 minutes," [Mr. Pereira stated \(link in Spanish\)](#).

The two ministers also signed a trade facilitation agreement with the Inter-American Development Bank (IDB) with the aim of exchanging technical information and experiences around developing single windows for foreign trade; harmonizing and simplifying the processes and data required; coordinating the actions of the agents taking part; and promoting transparency.

From January 2016 to the time of writing, bilateral trade between Argentina and Brazil has grown by US\$12.5 million. The [automotive sector](#) is one of the most dynamic sectors. Argentina is Brazil's third-largest trading partner, after China and the United States.

Panama Adopts New Tariff Measures

- [Central America and Mexico](#)
- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)

A new tariff decree [came into force \(link in Spanish\)](#) on August 16, 2016, and will remain valid until December 31. It excludes countries that have free trade agreements with Panama that are currently in force, the members of the Central American Economic Integration Subsystem (SICA), and the Relatively Less Economically Developed Countries of the Latin American Integration Association (ALADI).

The Cabinet Council approved a temporary increase in the national import tariff on items such as flowers, mineral carbon, cement clinkers, and apparel by executive decree. The new legislation is expected to increase customs revenue for Panama.

Peru Deposits Its Instrument of Ratification of the Paris Agreement

- [Andean Group](#)
- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)

On July 25, 2016, [Peru deposited its instrument of ratification](#) of the [Paris Agreement](#), a universal decision that was adopted by the Conference of the Parties (COP) at the end of 2015 and opened for signature on April 22, 2016.

The Paris Conference on Climate Change is known officially as the 21st Conference of the Parties (COP21) to the [United Nations Framework Convention on Climate Change \(UNFCCC\)](#), the UN body responsible for climate issues.

COP21 took place between November 30 and December 12, 2015, in Paris, France. The meeting concluded with the adoption of the Paris Agreement with the aim of combating climate change and driving initiatives and investments that support a resilient, sustainable, low-carbon future.

The [agreement](#) will enter into force when 55 countries that account for at least 55% of global greenhouse gas emissions have deposited their instruments of ratification.

Maritime Cooperation between Panama and Egypt

- [Central America and Mexico](#)
- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)

Tomás Guardia, [Panamá's \(link in Spanish\)](#) ambassador in Cairo, and Galal Said, Egypt's minister of transportation, met to reach mutual cooperation agreements and exchange experience and good practices in areas such as ship registration, port management, training courses, the Institute of Maritime Transport, and the establishment and development of logistics centers.

At the meeting, a maritime cooperation agreement was put forward which included the recognition of training and certification in accordance with rule 1/10 of the International Convention on Standards of Training, Certification, and Watchkeeping for Seafarers.

Procedures were also established for the flagging of ships from Panama, whose registry includes 6,000 vessels involved in the global traffic of goods.

Egypt showed great interest in learning from Panama's experience to speed up its procedures for registering ships for which it is the flag state.

Costa Rica–Colombia Free Trade Agreement Enters into Force

- [Central America and Mexico](#)
- [Integration in Motion](#)
- [n240](#)
- [Regional Panorama](#)

The free trade agreement (FTA) between Colombia and Costa Rica entered into force on August 1, 2016. As a result, 74% of industrial products will become duty-free.

The [entry into force \(link in Spanish\)](#) of this FTA, which [was signed](#) on May 22, 2013, will impact the prices of agricultural and industrial inputs, as well as capital and consumer goods.

The main products that Costa Rica exports to Colombia are lead ore, tires, food preparations, medicaments, artificial parts of the body, bars and rods of iron or steel, syringes, needles, catheters, cannulae, and tube or pipe fittings.

The products Costa Rica imports from Colombia include medicaments, polypropylene, fertilizers, fungicides, carbon, woven fabrics of synthetic filament yarn, polyethylene, perfumes, and make-up.

The Colombian sectors that stand to benefit from the treaty are fertilizers, paints, some textiles and manufactures, and medicaments, motor vehicles, autoparts, and toys.

Within Colombia's agricultural sector, there will be tariff preferences for 81% of goods, and 60% of these products will have immediate duty-free access.

According to figures from [Colombia's Ministry of Industry, Business, and Tourism \(MinCIT\) \(link in Spanish\)](#), bilateral trade between the two countries totaled US\$330 million in 2015, US\$248 million of which represented Colombian exports to Costa Rica.

Connecting Voices

Glocal Future Integration and Productive Transformation

- [Connecting Voices](#)
- [n240](#)

INTAL organized the [Glocal Future Colloquium on Productive Transformation and Integration](#), in partnership with Argentina's Ministry of Production and the Inter-American Dialogue. In these videos, the presenters set out some of the conclusions they reached at the event.

Reading Material on Integration

Two to tango : public-private collaboration for productive development policies

- [n240](#)
- [Notable Publications](#)
- [Reading Material on Integration](#)

It takes two to tango. Strong public-private collaboration is key for discovering and implementing effective productive development policies to bring out the best in existing economic activities and to foster economic transformation. The 25 Latin American cases analyzed in this volume show how and why many public and private partners are dancing smoothly while others stumble or follow different drummers. This book is a resource for designing institutions to make public-private interaction a win-win strategy.

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- [n240](#)
- [Notable Publications](#)
- [Reading Material on Integration](#)

Innovation and internationalization in services are key drivers of structural transformation, productivity growth and overall economic performance in Latin America. The services sector accounts for two thirds of the region's GDP and provides over 60 per cent of its employment. These shares are higher than in other developing regions, but still lower than in countries with higher levels of per capita income. The spread of information and communication technologies in Latin America over the past three decades has vastly enhanced both the tradability of services and the sector's propensity to innovate. Long considered unrelated processes, both internationalization and innovation are today widely recognized as key and complementary sources of firm-level competitiveness and human capital enhancement. The advent of many novel types of business and consumer services is furthermore a key factor in the rising insertion of latin american firms in regional and global value chains and transnational production networks, which are now the predominant form of organization of international production and trade. This volume explores three different levels of interaction between internationalization and innovation in the services sector in Latin America. Part I analyses the role of services in manufacturing and other sectors' global value chains from a theoretical perspective, drawing on the experiences of Brazil and Mexico. Part II reviews innovation and internationalization policies and their effects on the performance of the services sector. Part III presents a series of case studies on innovation and internationalization linkages in Brazil, Chile, Costa Rica and Mexico. The book concludes that, in order for Latin American countries and firms to upgrade into services value chains, public and private initiatives must generate a host of regional public goods -enhanced investment climates, supply of skills, greater access to finance, improved protection of intellectual property, better value appropriation, enhanced efforts at standardization and quality certification- to strengthen the links between innovation and internationalization.

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**Firm innovation and productivity in Latin America and the Caribbean : the engine of
economic development**

- [Notable Publications](#)
- [Reading Material on Integration](#)

This volume uses the study of firm dynamics to investigate the factors preventing faster productivity growth in Latin America and the Caribbean, pushing past the limits of traditional macroeconomic analyses. Each chapter is dedicated to an examination of a different factor affecting firm productivity – innovation, ICT usage, on-the-job-training, firm age, access to credit, and international linkages – highlighting the differences in firm characteristics, behaviors, and strategies.

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Trade and Innovation: Public Policy Options

- [n240](#)
- [Reading Material on Integration](#)
- [Reviews](#)

In [Trade and Innovation: Policy Options for a New Innovation Landscape](#), the E15 Expert Group on Trade and Innovation examine the interaction between international trade and innovation. The group was convened by the ICTSD and the Evian Group in partnership with the World Economic Forum.

The paper assesses whether current trade regulatory frameworks, particularly WTO agreements, adequately support innovation as a main policy objective.

What did it find?

- ***There is no single overarching WTO agreement that deals with innovation***, but rather a variety of agreements that influence innovation.
- ***The multilateral trading system has a clear impact on*** innovation-related policies and decisions on how and where to invest in innovation.
- Secondary activities such as subsidies, intellectual property, services, technical barriers to trade, investment measures and government procurement ***also have a direct effect*** on this field.

What do the authors recommend?

Six Points and Ten Policies That Could Change the World

1. New rules for digital trade: increase standards and procedures to cover all aspects of digital trade or—a bolder option—create a new ***Digital Economy Trade Agreement***.
2. New rules for the labor mobility of professionals: eliminate barriers hindering the movement of technically and entrepreneurially skilled persons, research professionals, and innovators across borders. ***Establish “innovation zones and networks.”***
3. Subsidies and public grants: expand the policy space for governments and the private sector to provide subsidies and grants for R&D. These research grants could be carried out through public agencies, private–public partnerships, universities, foundations or private laboratories with the aim of commercializing the results of the “subsidized” research. In the long term, establish an Agreement on Access to Basic Science and Technology, the fundamental purpose of which would be to preserve and enhance the global commons in science and technology.
4. Open collaboration: revise the WTO Agreement on Technical Barriers to Trade so as to foster innovation. The WTO concept of standardization could be updated to create more open, transparent standards to promote the development of global public goods.
5. Internationally coordinated approach to trade secrets: compile, legalize, and standardize national laws and practices in relation to trade secrets, which currently vary greatly from

country to country, so as to improve practices relating to patents and intellectual property rights.

6. Effective measurement: consolidate information architecture on innovation and trade. There is currently no official index compiling information from different countries. The group suggests “better measurements” to improve knowledge. The WTO and the WIPO could encourage national governments to provide official information and develop more appropriate standards, indicators, and instruments for measurement.

What conclusions did they reach?

- ***Innovation*** is a critical component of ***sustainable development***.
- *Intellectual property rights, patents, and TRIPS are the main evidence of innovation.*
- *New research is needed in relation to policies, innovation systems, and good practices; the international trading system and plurilateral processes; particular attention to SMEs and intellectual property.*

The study identified the need for an international research agenda on innovation.

Curtis, John M. 2016. [Trade and Innovation: Policy Options for a New Innovation Landscape](#). Geneva: ICTSD; WEF.

Financial Institutions and Renewable Energies

- [n240](#)
- [Notable Publications](#)
- [Reading Material on Integration](#)

“Expansión de las energías renovables no convencionales en América Latina y el Caribe: el rol de las instituciones financieras de desarrollo [The expansion of nonconventional renewable energies in Latin America and the Caribbean: The role of financial development institutions]” (link in Spanish), published by the Inter-American Development Bank (IDB) in August 2016, analyzes the relationship between financing and sustainable energy.

There is a strong drive for the development of nonconventional renewable energy (NCRE) in Latin America and the Caribbean (LAC). However, NCRE still has a relatively small (aggregate) market share. Expanding this would entail overcoming numerous obstacles and risks, which explains the relatively slow pace at which these technologies are being adopted. The aim of this publication is to analyze the emerging experience of LAC in the design and implementation of financial instruments to promote private investment in the development of small- and medium-scale renewable energy. In particular, it seeks to examine the role that financial development institutions might play in driving this process, in the light of recent experiences.

The spread of innovative financial instruments would help to break down such obstacles. After reexamining certain preconceptions, specific needs could be identified that could help define a set of appropriate instruments for leveraging investments in NCRE at different scales.

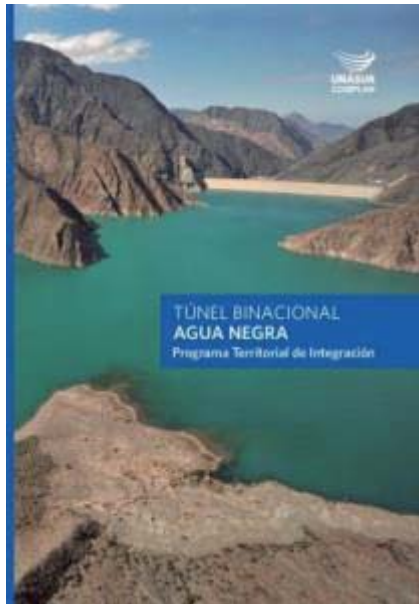
To this end, the study argues for the need to i) combine programs for the diversification of financial instruments and funding lines in relation to terms and conditions that are appropriate for the investment cycle in NCRE through project financing (for which sources of patient capital with competitive long-term rates would need to be identified); ii) promoting the use of power purchase agreements (PPA); iii) deploying instruments for risk mitigation, including guarantees and insurance policies, and also involving institutional players, such as insurance companies or export credit agencies; iv) implementing independent third-party verification; and v) developing training and technical assistance programs to address information deficits and reduce transaction costs.

In this context, national development banks (NDBs) are in a unique position to stimulate and facilitate these investment flows and leverage the robust utilization of the region’s available renewable resources so as to contribute to its following a low-emissions development path.

The Border as an Area of Integration

- [n240](#)
- [Notable Publications](#)

- [Reading Material on Integration](#)



With the conception of the border not only as a line between countries but also as a territory of integration, Argentina and Chile created a bilateral institutionality that allowed agreements to develop infrastructure of connectivity in the context of the integration that started in 2000 through the [Iniciativa para la Integración de la Infraestructura Regional Suramericana](#) (IIRSA) and, from 2009, in the Consejo Suramericano de Infraestructura y Planeamiento (COSIPLAN).

This publication is the result of the joint efforts of National Coordination Bodies of Argentina and Chile and the sub-national Governments of both countries, with technical assistance from the [Inter-American Development Bank](#) (IDB), the [Andean Development Corporation – Development Bank of Latin America](#) (CAF) and the [Fund for the Development of the Cuenca del Plata](#) (FONPLATA) and the technical coordination of the [IDB-INTAL](#).

The document identifies a series of actions that will improve the physical connectivity, will protect cultural heritage and biodiversity and will strengthen microenterprises such as mining, industry and tourism activities during the construction and implementation of the tunnel.

Trade Thermometer

Manufacturing Services

- [n240](#)
- [Trade Thermometer](#)



Measured in terms of value added, the service sector represents 45% of global trade, rather than the 20% that is the product of traditional estimations based on gross exports and imports. Services account for between 25% and 35% of manufacturing exports in a large number of countries. This reveals the need to rethink where value added is generated in the modern economy, not only to ensure we reach the right analytical conclusions, but also to develop policy strategies that are appropriate to each country's economic development goals.

Editorial

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