

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Promoting sustainable public investment through the modernization of Public Investment Systems in LAC
▪ TC Number:	RG-T4318
▪ Team Leader/Members:	LLEMPEN LOPEZ, ZOILA CRISTINA (IFD/FMM) Team Leader; LORA ROCHA, OSCAR (IFD/FMM) Alternate Team Leader; CARMEN MONTESINOS IBANEZ (IFD/FMM); CANILLAS GOMEZ, MARIANA BELEN (IFD/FMM); PAULA GAMBOA LEON (LEG/SGO); LIZA BUILES (IFD/FMM)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	05 May 2023
▪ Beneficiary:	Public Investment Offices
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/FMM - Fiscal Management Division
▪ Unit of Disbursement Responsibility:	IFD/FMM - Fiscal Management Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

### II. Objective and Justification

- 2.1 The objective of this technical cooperation is to provide technical assistance to selected LAC countries to enhance their public investment systems by developing methodologies to improve project appraisal to build resilient and inclusive infrastructure; implementing tools to improve monitoring and evaluation to guarantee efficient and timely project execution; and participating in sharing best practices considering OECD countries' experiences and how they can be adapted to regional context in Latin America.
- 2.2 The covid-19 pandemic directly affected the world economy, which is now facing raging inflation and high-interest rates. In this context, public investment is vital to promote growth and guarantee a plenty recovery of the countries. Moreover, governments are facing a context of even more limited resources, which make the need for increasing the quality of every dollar spent even higher.
- 2.3 Countries in LAC are interested in applying best practices in public investment management from the OECD countries. In particular, Korea is an important reference as it has developed solid instruments to guarantee public investment efficiency. The sectorial investment and budget financial plans are interconnected, and the country uses the Project evaluation instrument called Preliminary Feasibility Study (PFS), as well as the Total Project Cost Management (TPCM), to control project changes and to guarantee a good delivery. These kinds of instruments are critical for the successful Korean management in public expenditure.

### III. Description of Activities and Outputs

- 3.1 **Component I: Improve the evaluation, selection, and prioritization procedures for investment projects** . Support the adaptation of modern methodologies for evaluation, selection, and prioritization for investment projects.
- 3.2 **Component II: Incorporation of tools and data to guarantee efficient and timely project execution** . This component will finance: (i) Developing a framework and guidelines to implement M&E systems for investment project execution and (ii) implementing monitoring and evaluation tools in their investment cycle to improve the delivery of investment projects.
- 3.3 **Component III: Promoting dialogue within LAC Public Investment Systems** . Support the engagement of public investment officials from LAC countries in a workshop (in Korea and/or LAC country) sharing best practices, including investment planning, evaluation methods, and instruments that consider risk prevention and climate change. Publication and dissemination of technical documents that could be shared during the workshop will be financed.

### IV. Budget

#### Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Improve the evaluation, selection, and prioritization procedures for investment projects	US\$150,000.00	US\$0.00	US\$150,000.00
Incorporation of tools and data to guarantee efficient and timely project execution	US\$150,000.00	US\$0.00	US\$150,000.00
Promoting dialogue within LAC Public Investment Systems	US\$200,000.00	US\$0.00	US\$200,000.00
<b>Total</b>	<b>US\$500,000.00</b>	<b>US\$0.00</b>	<b>US\$500,000.00</b>

### V. Executing Agency and Execution Structure

- 5.1 Executing agency will be the IDB. The technical and fiduciary responsibility of this TC will be led by the team leader (Zoila Llampen Lopez), who will coordinate with: (i) the counterparts in the Governments; (ii) Korean Development Institute (KDI); (iii) FMM specialists in the country offices (COFs) in which technical or financial assistance will be granted. To facilitate the connection with Korean counterparts and acquire Korean policy experience in a more effective way, the institutions and the consultant who have these expertise and capacity may be hired.
- 5.2 Given the substantial experience and knowledge that the IDB has regarding the design and implementation of the type of products that are under the scope of this TC, its regional dimension and the lack of adequate regional entities with the capacity to carry out the Bank will be the executing agency through the Fiscal Management Division (IFD/FMM), which is in accordance with the GN-2629 Appendix X literal (d)

### VI. Project Risks and Issues

- 6.1 The main risk associated to this TC is the eventual discontinuation of the implementation of governments' initiatives due to domestic political changes. Similarly, institutional weaknesses could delay execution of some of the planned activities. However, considering the high interest and active engagement of the countries as of

now, the following actions will be carried out: (i) preparation and implementation of customized training for the LAC context; (ii) raising public awareness of the need for strengthening public investment systems; and (iii) maintaining a continuous dialogue with the governments.

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

7.1 The ESG classification for this operation is "undefined".