

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

PERFORMANCE EVALUATION OF THE KOREAN TRUST FUNDS

(RG-T4857)

PROJECT DOCUMENT

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REGIONAL PERFORMANCE EVALUATION OF THE KOREAN TRUST FUNDS RG-T4857		
PROJECT SUMMARY		
Operation Type:	Technical Cooperation	
Sector:	OTHER	
Subsector:	N/A	
TC Taxonomy:	Research and Dissemination	
Project Number under the Operational Support Taxonomy:	N/A	
Technical Responsible Unit:	GPS/GCM-Grants & Co-Financing Mgmt	
Unit with Disbursement Responsibility (UDR):	GPS/GCM-Grants & Co-Financing Mgmt	
Executing Agency:	Inter-American Development Bank	
PROJECT OBJECTIVE		
<p>This Technical Cooperation seeks to enhance the performance evaluation of the Korean Trust Funds (KTFs) by supporting the development of a framework, strengthening methodologies, and systematizing processes. Through these efforts, the TC aims to improve the effectiveness of KTF-financed projects, optimize resource allocation, and reinforce the long-term strategic partnership between Korea and the Inter-American Development Bank.</p>		
FINANCIAL INFORMATION		
Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	KPK - Knowledge Partnership Korea Fund for Technology and Innovation	450,000
Total IDB Financing		450,000
Counterpart Financing		0
Total Project Budget		450,000
Donors:	N/A	
Disbursement Period:	36 months	
Execution Period:	36 months	
ADDITIONAL FINANCIAL INFORMATION		
N/A		

I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Justification.** Since becoming the 47th member country of the Inter-American Development Bank (IDB) in March 2005, the Republic of Korea has established a total of four Korean Trust Funds (KTFs): Korea Fund for Partnership of Knowledge Building on Technology and Innovation (KPK), Korea Fund for Poverty Reduction and Social Development (KPR), Korea Fund for Public Capacity Building and Economic Development (KPC), and Korea Fund for Private Sector Development and Innovation (KPS).
- 1.2 Over the past 20 years, the KTFs have served as key sources of financing for non-reimbursable Technical Cooperation (TC) operations that contribute to the IDB's mission of reducing poverty, accelerating socioeconomic development in Latin America and the Caribbean (LAC), and deepening the strategic partnership and cooperation between Korea and the region. As of August 2025, the KTFs have financed a total of 634 TC operations amounting to US\$225.2 million, with support provided to all 26 borrowing member countries of the Bank across multiple sectors and focus areas. Of these, 77 operations are currently under execution.
- 1.3 On November 1, 2024, a legislative amendment mandating performance evaluations for Official Development Assistance (ODA) programs funded by Korea through international financial institutions was proposed at the National Assembly of Korea. In response, the Ministry of Economy and Finance (MoEF or "the Donor") has expressed the need to establish a more systematic performance evaluation framework for the KTFs at both the project and fund levels.
- 1.4 In February 2025, the MoEF delegation visited the IDB for a briefing on the Multilateral Development Banks (MDB) Trust Funds Performance Evaluation Plan and expressed interest in supporting a performance evaluation of the KTFs. The importance of systematizing and strengthening the performance evaluation framework was reiterated during high-level bilateral meetings at the IDB Annual Consultation with Non-Regional Member Countries (February 2025) between the President and the Director General of MoEF and at the IDB Annual Meeting (March 2025) between the President and the Vice Minister of MoEF. Furthermore, progress on performance evaluation of the KTFs served as a key discussion agenda at the Korea-IDB Annual Consultation Meeting held in September 2025.
- 1.5 Correspondingly, a fund-level Results Framework for the KTFs was developed to systematize and standardize the collection and analysis of KTF-financed project data; track and monitor the progress of operations against annual and overall targets; and provide a coherent assessment of Korea's financial contributions to Bank. This Results Framework will serve as the basis to guide bi-annual interim evaluations of the trust funds. Furthermore, per the request of the Donor, the KTFs committed to conducting Independent External Evaluations (IEEs) for trust funds in their third year of contributions or approaching the end of their contribution cycles.
- 1.6 **Objective.** Against this backdrop, this TC seeks to enhance the performance evaluation of the KTFs by supporting the development of a framework, strengthening methodologies, and systematizing processes. Through these efforts, the TC aims to improve the effectiveness of KTF-financed projects, optimize

resource allocation, and reinforce the long-term strategic partnership between Korea and the IDB.

- 1.7 **Complementarity.** In 2016, RG-T2669 (Evaluation of Korean Trust Funds) produced a comprehensive evaluation report on the performance of KPK, KPR, and KPC. The evaluation was carried out by an external consulting firm and reviewed 300+ active and closed operations (2005-2015). Its findings and recommendations informed the Donor's decision to replenish the trust funds, resulting in two Letters of Intent (LOIs) signed in 2017 for a total of US\$50 million (US\$30 million for KPK and US\$20 million for KPR), effective from 2018-2022. Building on this precedent, this TC will support the second fund-level evaluation of the KTFs.
- 1.8 **Strategic Alignment.** The IDB Group's Institutional Strategy (Transforming for Greater Impact and Scale: IDBStrategy+) (CA-631) sets the Group's strategic direction through 2030 to bring a new level of impact and scale in the region. It identifies three core objectives: (i) Reducing Poverty and Inequality, (ii) Addressing Climate Change, and (iii) Bolstering Sustainable Growth. To achieve the said objectives, IDBStrategy+ focuses on seven operational focus areas: (i) Biodiversity, Natural Capital, and Climate Action, (ii) Gender Equality and Inclusion of Diverse Population Groups, (iii) Institutional Capacity, Rule of Law, and Citizen Security, (iv) Social Protection and Human Capital Development, (v) Sustainable, Resilient, and Inclusive Infrastructure, (vi) Productive Development and Innovation through the Private Sector, and (vii) Regional Integration. Given the wide-encompassing scope of the KTFs spanning all seven operational focus areas, strengthened performance evaluation is consistent with IDBStrategy+ as it will: (i) provide evidence of KTF contributions to and/or alignment with these objectives, (ii) reinforce the Bank's renewed focus on impact orientation and results-based management of operations, and (iii) inform and facilitate Korea's future replenishment decisions for the trust funds, thus enabling a more secure funding base and greater resource mobilization to deliver on IDBStrategy+.
- 1.9 **Donor.** Additionally, the TC is consistent with the Agreement between the Government of the Republic of Korea and the Inter-American Development Bank for the Establishment of the Knowledge Partnership Fund for Technology and Innovation ([GN-2374-1](#)), which states that all costs and expenses related to audits and other agreed-upon procedures (e.g., performance evaluations) shall be deducted from the resources of the KPK. This provision is reaffirmed in the recent revision of the [KPK Operational Guidelines](#), which explicitly lists, under eligible expenses, costs for the monitoring, evaluation, and external auditing of Korea-financed operations.

II. COMPONENTS

- 2.1 **Component 1. Conducting the Independent External Evaluation (\$250,000).** This component will conduct Independent External Evaluations (IEEs) for trust funds in their third year of contributions or approaching the end of their contribution cycles. As of 2025, KPR is in its second year of contributions and KPC is in its fourth year of contributions, and are thus expected to undergo the IEEs. The component will finance an external consultancy, selected based on Terms of Reference (ToR) developed jointly with the Donor (Annex III), to conduct the IEEs. The main deliverable under this component will be a comprehensive evaluation report prepared to inform the Donor's replenishment decision-making. Areas of evaluation include: (i) a comprehensive review of KTF-financed TC operations from 2015-2025, (ii) assessment on their overall performance, effectiveness, and results/outcomes achieved, and (iii) recommendations to improve the systematic monitoring and evaluation of the KTF portfolio, future funding and/or operational strategies, and contributions to and/or alignment with IDB's institutional priorities.
- 2.2 **Component 2. Supporting the Results-based Management of the KTFs and KTF-Financed Operations (US\$200,000).** This component will support the results-based management of the KTFs and their operations, primarily through project- and fund-level evaluations of the four trust funds. An individual consultant will be hired to: (i) manage the Key Performance Indicators (KPIs) of the KTF Results Framework, (ii) collect and analyze the necessary qualitative and quantitative project data on outputs and outcomes based on internal databases and communications with project teams, (iii) periodically track and monitor progress against annual and overall targets, (iv) prepare and carry out impact-oriented reporting to the Donor, and (v) support coordination activities between the Donor and the IDB, among others. All activities to be carried out under this TC are included in the ToR (Annex III).
- 2.3 **Expected Results.** This TC is expected to strengthen performance evaluation and systematize the results-based management of the KTFs by generating high-quality evidence on the effectiveness, strategic alignment, and impact of KTF-financed operations. The IEEs of KPR and KPC will produce actionable findings and recommendations to inform the Donor's decision-making on fund replenishments and long-term planning. In parallel, the operationalization of the KTF Results Framework will enhance the monitoring and reporting of outputs and outcomes across the KTF portfolio. Together, these efforts will improve the transparency, accountability, and strategic use of Korea's contributions to the Bank.
- 2.4 **Beneficiaries.** The ultimate beneficiaries of this TC are the borrowing member countries of the Bank supported through KTF-financed operations. By strengthening performance evidence and results-based management of the KTFs, this TC will contribute to more effective, targeted, and results-driven interventions that are aligned with institutional priorities and country strategies. These improvements will enhance donor confidence and facilitate resource mobilization efforts, which will contribute to promoting poverty reduction, capacity building, and sustainable, inclusive development across the region.

III. BUDGET

- 3.1 **Budget.** The total cost of this TC will be US\$450,000, which will be financed by the Korea Fund for Partnership of Knowledge Building on Technology and Innovation (KPK). There will be no counterpart financing.

Components	KPK	Total
Component 1: Conducting the Independent External Evaluation	250,000	250,000
Component 2: Supporting the Results-based Management of the KTFs and KTF-Financed Operations	200,000	200,000
Total	450,000	450,000

IV. EXECUTION STRUCTURE

- 4.1 **The IDB as Executing Agency.** The executing agency will be the IDB through the Grants and Co-Financing Management Unit (GPS/GCM). As this operation is classified under the Research and Dissemination taxonomy, this TC is considered a Bank initiative, therefore, the Bank is responsible for selecting and contracting consulting services, in accordance with Annex II of the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4).
- 4.2 **Procurement.** All procurement to be executed under this TC are included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (i) hiring of individual consultants, as established in the Complementary Workforce Regulation for the Selection of Individual Consultants (AM-650) and (ii) contracting of services provided by consulting firms, as established in the Corporate Procurement Policy (GN-2303-33) and its associated Guidelines.
- 4.3 **Execution and Disbursement Period.** The execution and disbursement period is 36 months. This information is consistent with the implementation periods considered in the Result Matrix and Procurement Plan.
- 4.4 **Monitoring, Reporting, and Supervision.** The GPS/GCM team will be responsible for the administration, planning, control, and supervision of the allocated financial resources, as well as for the proper organization, management, and evaluation of the deliverables outlined in the TC.

V. POTENTIAL RISKS

- 5.1 No major risks are expected for the execution of this TC. However, a potential risk may arise in the selection and contracting of a qualified consultancy to conduct the IEEs. This risk will be mitigated through early coordination and close consultations with the Donor in developing the ToR of the consultancy to ensure alignment of expectations across the Donor, KTF, and the IDB.

VI. EXCEPTIONS TO BANK POLICIES

- 6.1 There are no exceptions to the Bank's policies for this operation.

VII. ENVIRONMENTAL AND SOCIAL ASPECTS

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

REQUIRED ANNEXES:

- Annex I: Request from Client (Not Required)
- [Annex II: Results Matrix](#)
- [Annex III: Terms of Reference](#)
- [Annex IV: Procurement Plan](#)