**To:** Benigno López Benítez

Vice President for Sectors and Knowledge (VPS/VPS)

**From:** Fabrizio Opertti

Manager (INT/INT)

**Subject: REGIONAL.** Sixth Korea-LAC Business Summit (RG-T3913; ATN/KR‑18719-RG). Request for increase of resources to finance operation.

**Date:** August 9, 2022

1. **Background**
   1. The non-reimbursable Technical Cooperation (TC) “Sixth Korea-LAC Business Summit” (RG-T3913; ATN/KR-18719-RG) was approved by the Inter-American Development Bank (the “Bank”) on July 28, 2021. The Ministry of Economy and Finance of the Republic of Korea (MOEF), through the Public Capacity Building Korea Fund for Economic Development (KPC), committed US$950,000 to this project.
   2. The objective of the TC is to increase trade and investment opportunities between Korea and Latin America and the Caribbean (LAC). To achieve this goal, this TC aims to: (i) share Korean experiences in promoting inter-regional trade and investment, including lessons learned and best practices that can serve as foundation for future cooperation between Korea and LAC countries; and (ii) strengthen existing business relationships and foster emerging opportunities in strategic sectors such as, but not limited to, agribusiness, information and communication technologies (ICT), energy, transport, infrastructure, and the environment. The TC is comprised of two components: (i) The 6th Korea-LAC Business Summit; and (ii) Dissemination activities.
   3. The TC is being executed by the Bank trought the Trade and Investment Division (INT/TIN)
2. **Progress**
   1. As of date, the TC has disbursed 12.78% of the resources (US$121,407) and committed 86.46% (US$821,320). Available resources currently amount to US$7,273. The disbursed funds have financed consultants to provide technical assistance for the preparation, coordination, and execution of the 2021 summit event. Additionally, funds were disbursed for the contracting of a professional congress organizer (PCO) for the integrated logistics planning, venue rental, production, and lodging of the event.
   2. Due to the significant risks of not being able to successfully organise and carry out the 6th Korea-LAC Business Summit in October, 2021, as a result of the COVID‑19 pandemic, the execution of the event was postponed until the second half of 2022, in agreement with the donor.
3. **Objective of the Increase**
   1. During the budgeting and preparation phase for the Korea-LAC Business Summit activities to be held on September 29-30, 2022, the project team became aware that the overall cost including, but not limited to the contractual fee for professional congress organizer (PCO), as well as the average roundtrip airfare cost have increased significantly in the past year.
   2. Therefore, the requested budget increase of US$450,000 corresponds to the projected cost differential of the event that was originally scheduled to take place in 2021, and the current projected costs for lodging and roundtrip airfare from the capital of each participating LAC country to Seoul in the second semester of 2022. The original TC budget was based on cost projections from previous editions of the Summit which did not account for the current context of high inflation, increased event production and hotel accommodation costs, and limited flight connectivity between LAC and Asia, which have significantly driven up the estimated costs of carrying out this engagement. Of the total requested additional resources, US$100,000 will be allocated as contingency funds. The contingency funds may be used only after approval from the fund manager.
   3. The additional resources would not alter the objective, components, beneficiaries, nor the execution structure of the TC. The indicators in the Results Matrix would remain the same, and its financial information, TCM period and dates of execution will be updated accordingly, as well as the Procurement Plan. The period of execution and disbursement for this TC is 24 months, which will end on July 28, 2023.
4. **Justification**
   1. Our counterpart, MOEF, has indicated a strong preference for maintaining the TC activities in an in-person format. In addition, it is not an option to scale down the stipulated activities as it would set an undesirable precedent for Korea-LAC Business Summit, which has been gaining relevance and dynamism in each edition. Consequently, to meet the expected results of the TC, additional resources will be required.
5. **Budget**

5.1 The total amount of the proposed increase will be US$450,000 to be financed by the Public Capacity Building Korea Fund for Economic Development (KPC).

**Proposal for Budget Increase (US$)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Activity/Component** | **Original Budget** | **Available Amount** | **Increase Amount** | **Total** |
| Component 1: The 6th Korea-LAC Business Summit | 915,000 | 215 | 350,000 | 1,265,000 |
| Component 2: Dissemination Activities | 35,000 | 7,058 | 0 | 35,000 |
| Contingencies | 0 | 0 | 100,000 | 100,000 |
| **Total** | **950,000** | 7,273 | **450,000** | **1,400,000** |

1. **Recommendation**
   1. In accordance with Resolutions DE-044/08 and DE-103/14, and pursuant to the Delegation of Authority rules set forth in the OA-421 Table of Authority for the Administration of Non-Reimbursable Technical Cooperation and Investment Grant Operations and Contingent Recovery Operations III. B.1. and the Regulation PR-501, Vice Presidents have the authority to approve non-reimbursable technical cooperation operations for up to an amount of US$1,500,000. Considering that the total cost of the TC, including the increase proposed, would be US$1,400,000, and therefore would not exceed the amount of US$1,500,000, it is recommended that the increase be approved by the Vice President for Sectors and Knowledge.

Annex:

[Approved project document RG-T3913](https://idbg.sharepoint.com/teams/EZ-RG-TCP/RG-T3913/15%20LifeCycle%20Milestones/TC%20Document.pdf)