KOREA-CABEI PARTNERSHIP SINGLE-DONOR TRUST FUND

Annual Report
2021
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Over the past two years, the COVID-19 pandemic has had a strong grip over the economic and social activities of the beneficiary member countries of the Central American Bank for Economic Integration (CABEI). The Bank prioritized support for countries to address the immediate challenges aggravated by the public health crisis and extreme weather events in the first year of operations of the Korea-CABEI Partnership Single Donor Trust Fund (KTF). In 2021, we have strived to advance the post-pandemic recovery that would place the region back on the path to sustainable development in the second fiscal year of its operation.

As decades of hard-won development progress are on the line, decisive action is needed to halt the adverse economic impact of the pandemic. Towards this end, the KTF and the new partnerships created with South Korean public and private sector counterparts have enhanced the reach of the Bank efficiently and effectively across the region. This report highlights the important work that the KTF has undertaken to deliver impactful solutions at both country and regional levels in 2021.

The establishment of the KTF, as our first single donor trust fund at CABEI, has profoundly strengthened the capacity of the Bank to develop innovative, tangible projects and create opportunities to support member countries in new sectors. The unique attributes of the KTF allows for transferring the rich development experience, technologies, and solutions of South Korea to the region. KTF plays a critical role in supporting governments overcome challenges by piloting innovative approaches, disseminating knowledge, and implementing international best practices.

In the second year of operation, report period January 1st, 2021, to December 31st, 2021; the KTF has firmly established itself as a key partner for the development and execution of flagship projects in the region, especially those that aim to enhance regional integration and sustainable development. The success story of the KTF is an inspiration to other member countries of the Bank, and we thank the Government of the Republic of Korea for their continued support, commitment, and collaboration towards our shared vision for the region.

Rubén Méndez

Chief Financial Officer a.i. and KTF Secretariat
The progress achieved by the KTF during the peak of COVID-19 is a testament to the strong commitment of the Bank to collaborate with the Republic of Korea (ROK) as a key strategic partner towards its mission of promoting sustainable development and economic integration in the Central American and the Caribbean region. Building on the technical and operational framework established in the first year, the KTF implemented comprehensive and systematic processes throughout the project cycle to become an effective instrument for technical assistance for key projects in the region.

In 2021, the KTF emphasized improving the visibility of the Fund to increase its access and relevance in the region.

As the capability to identify bankable and scalable projects is one of the most important factors that would determine the success of the KTF, consultations were held on a regular basis throughout the year with country representative offices of CABEI to understand the development priorities and interests of member countries. At the same time, KTF incorporated South Korean content tailored to the local needs to increase alignment with the strategic priority agendas of the ROK government. By such means, the Ministry of Economy and Finance (MOEF) has approved 95 percent of the technical cooperation proposals submitted for their consideration.

The 9 projects added to the KTF portfolio this year range across 6 sectors and 7 countries. A total of $3.71 million was approved during this reporting period. Furthermore, almost 80% of the KTF has been allocated to South Korean firms, amounting to almost $3 million. The KTF was also successful in mobilizing additional $680,000 from ROK public institutions, creating synergy with KTF projects.
The KT F takes a strategic approach to project development and country engagement. Projects are screened and evaluated with a priority on those that are aligned with national development agenda of the beneficiary countries, have linkages to potential financing and incorporation of Korean technologies and knowhow. Moreover, to strengthen relationships among the Bank, beneficiary countries, and the ROK government, the KTF initiates and supports capacity-building events and cooperation meetings between the Bank and institutions in South Korea. By doing so, the KTF envisions to be a trusted partner for project development and delivery of solutions and recommendations.

This report summarizes the KTF progress and achievements during the fiscal year commencing on the first day of January and ending on the last day of December of 2021. The report is presented in the following sections.

Section 1 highlights the KTF activities from 2021 including TC distribution by country and sector to show where and how the KTF is exerting positive impact. It offers a glance of the KTF achievements and describes the newly approved projects. This section also introduces the comprehensive systematic monitoring & evaluation process that is employed by the KTF to secure credibility, transparency, and accountability for all KTF projects. The cumulative progress since the launch of the Fund in August 2020 is provided at the end of the section.

Section 2 examines the strategic approaches of the KTF to support the Bank position itself as the leading financing partners in the region by reinforcing its partnership with South Korea. These strategies have distinguished the KTF from other trust funds established by the ROK government in different multilateral development banks.

Section 3 presents the audited financial statements of the KTF.

“The progress achieved by the KTF during the peak of COVID-19 is a testament to the strong commitment of the Bank to collaborate with the Republic of Korea as a key strategic partner towards its mission of promoting sustainable development and economic integration in the Central America and the Caribbean region.”
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROK</td>
<td>Republic of Korea</td>
</tr>
<tr>
<td>CABEI</td>
<td>Central American Bank for Economic Integration</td>
</tr>
<tr>
<td>KTF</td>
<td>KOREA-CABEI Partnership Single Donor Trust Fund</td>
</tr>
<tr>
<td>TC</td>
<td>Technical Cooperation</td>
</tr>
<tr>
<td>MOEF</td>
<td>Ministry of Economy and Finance</td>
</tr>
<tr>
<td>LIA</td>
<td>Local Implementation Agency</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring &amp; Evaluation</td>
</tr>
<tr>
<td>KEITI</td>
<td>Korea Environment Industry &amp; Technology Institute</td>
</tr>
<tr>
<td>KIND</td>
<td>Korea Overseas Infrastructure and Urban Development Corporation</td>
</tr>
<tr>
<td>K-CAFTA</td>
<td>Republic of Korea-Central America Free Trade Agreement</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
</tbody>
</table>
SECTION 1.
KTF Operations
1.1 LIFE TO DATE KTF DISTRIBUTION (2020-2021)

Sector Allocation of KTF Portfolio

<table>
<thead>
<tr>
<th>Sector</th>
<th>Allocation</th>
<th>Projects</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>39.8%</td>
<td>2</td>
<td>$3,350,000</td>
</tr>
<tr>
<td>Transport</td>
<td>21.5%</td>
<td>4</td>
<td>$1,810,000</td>
</tr>
<tr>
<td>Trade</td>
<td>10.1%</td>
<td>2</td>
<td>$850,000</td>
</tr>
<tr>
<td>Agriculture</td>
<td>8.3%</td>
<td>1</td>
<td>$700,000</td>
</tr>
<tr>
<td>Water &amp; Sanitation</td>
<td>7.1%</td>
<td>1</td>
<td>$600,000</td>
</tr>
<tr>
<td>Energy</td>
<td>4.2%</td>
<td>1</td>
<td>$350,000</td>
</tr>
<tr>
<td>Climate Change</td>
<td>4.2%</td>
<td>1</td>
<td>$350,000</td>
</tr>
<tr>
<td>Finance</td>
<td>3.6%</td>
<td>3</td>
<td>$300,000</td>
</tr>
<tr>
<td>Human Resources</td>
<td>1.2%</td>
<td>1</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

Total Allocated Budget: $8,410,000
1.1 LIFE TO DATE BENEFICIARY DISTRIBUTION (2020-2021)

Member Countries Benefitted from each TC

Budget Allocation per Country (Unit: USD)

- Belize: $333,333
- Cuba: $333,333
- Nicaragua: $575,000
- Guatemala: $633,333
- Honduras: $733,333
- Regional: $850,000
- El Salvador: $966,667
- Dominican Republic: $1,021,667
- Panama: $1,146,667
- Costa Rica: $1,816,667
1.2 YEAR 2021 AT A GLANCE

COUNTRY ALLOCATION

<table>
<thead>
<tr>
<th>Country</th>
<th>Budget per country</th>
<th>Number of projects per country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional</td>
<td>$200,000</td>
<td>0</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>$1,360,000</td>
<td>3 projects</td>
</tr>
<tr>
<td>Honduras</td>
<td>$700,000</td>
<td>1 project</td>
</tr>
<tr>
<td>Panama</td>
<td>$850,000</td>
<td>2 projects</td>
</tr>
<tr>
<td>El Salvador</td>
<td>$600,000</td>
<td>1 project</td>
</tr>
<tr>
<td>Guatemala</td>
<td>$600,000</td>
<td>1 project</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>$1,000,000</td>
<td>3 projects</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>$1,200,000</td>
<td>3 projects</td>
</tr>
</tbody>
</table>

SECTOR ALLOCATION

Transport
- 37%
- 3 projects
- $1,360,000

Trade
- 23%
- 2 projects
- $850,000

Water & Sanitation
- 16%
- 1 project
- $600,000

Human Resources
- 3%
- 1 project
- $100,000

Agriculture
- 19%
- 1 project
- $700,000

IN 2021, KTF

Approved
- $3.71 million

Contracted
- 9 South Korean firms and consortiums

Allocated
- $2.94 million to South Korean firms

Developed
- 9 Projects
Execution of 1st Batch of Approved Technical Cooperation Projects

- In-kind Contribution of Health Products to Overcome COVID-19 ($3,000,000)
- Establishment of a Biotech Manufacturing Cluster ($350,000)
- Integration of Battery Energy Storage Systems in Central America ($350,000)
- Pacific Train in El Salvador ($450,000)
- Natural Disaster & Climate Adaptation Measures ($350,000)
- Regional Investment Fund ($100,000)
- Kor-BCIE Private Equity ($100,000)

CABEI Korea Trust Fund Online Seminar

- Conducted the 1st online seminar to promote South Korea’s incorporation to CABEI and establishment of the Korea Trust Fund
- Participants consisted of South Korean ministries and public agencies
- Provided overview of approved technical cooperation projects and relevant procurement opportunities

Approved Technical Cooperation Projects

- Panama Metro Line 5 Feasibility Study ($630,000)
- Costa Rica Wastewater Treatment and Sewage System ($600,000)

CABEI Representative Office in Seoul

- 1st Multilateral Development Bank to open its Representative Country Office in Seoul, Korea
- The office is located within the International Finance Center Seoul in Yeouido, the main finance and investment banking district.
- The Opening Ceremony was held in July 2022

Approved Technical Cooperation Projects

- Santiago De Los Caballeros - Santo Domingo Rail Line ($630,000)
- South Korea and Central America FTA Internationalization Platform ($750,000)
- Costa Rica Climate-Smart Greenhouse ($700,000)
1.3 KTF MILESTONES IN 2021

**Sep**

**Korea Week at CABEI Headquarters**
- Hosted the Traditional Folk Music Ensemble and chefs in Tegucigalpa, Honduras, for cultural exchange showcasing South Korean musical performances and cuisine
- Recognized South Korea’s incorporation as the 15th member country of the Bank
- Strengthened relationships between South Korea and other member countries of the Bank

**Oct**

**Established Joint Cooperation with ROK Agencies and Approved Technical Cooperations**
- Korea Overseas Infrastructure and Urban Development Corporation (KIND) to improve sustainability of the Panama Metro network ($280,000)
- Korea Environment Industry & Technology Institute (KEITI) sponsors Climate Risk and Vulnerability Study for Costa Rica Water Treatment Plant ($400,000)
- Modernization of La Ceiba Port through Water Development ($100,000)

**Nov**

**Korea-BCIE Private Equity Fund Roadshow in Seoul and Approved Technical Cooperation**
- KTF financed a technical cooperation to establish the Kor-BCIE Private Equity Fund with South Korea institutional investors.
- CABEI aims to raise $500 million for 1st tranche to be deployment for infrastructure projects
- CABEI has committed $50 million as the anchor Limited Partner investment
- Strengthening CABEI’s Institutional Competitiveness by Advancing their Human Resources Management & Governance ($100,000)

**Dec**

**Submission of Technical Cooperation Projects**
- Modernization of Dominican Republic Customs ($450,000)
- Building Offshore Wind Capacity in Costa Rica ($600,000)
- Modernization of Belize Hospitals ($950,000)
# 1.4 APPROVED PROJECTS IN 2021 (JAN-DEC)

<table>
<thead>
<tr>
<th>Technical Cooperation</th>
<th>Budget (USD)</th>
<th>Sector</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of Panama Metro Line 5 Rail Network</td>
<td>$630,000</td>
<td>Transportation</td>
<td>Panama</td>
</tr>
<tr>
<td>Wastewater Treatment Facility and Sewerage System in Liberia, Costa Rica</td>
<td>$600,000</td>
<td>Water &amp; Sanitation</td>
<td>Costa Rica</td>
</tr>
<tr>
<td>Trade repository for the cross-border clearing and settlement of sovereign securities</td>
<td>$100,000</td>
<td>Finance</td>
<td>Regional</td>
</tr>
<tr>
<td>South Korea-CABEI Cultural Exchange Program</td>
<td>$100,000</td>
<td>Trade</td>
<td>Regional</td>
</tr>
<tr>
<td>Development of the Santiago De Los Caballeros - Santo Domingo Rail Line</td>
<td>$630,000</td>
<td>Transportation</td>
<td>Dominican Republic</td>
</tr>
<tr>
<td>Republic of Korea and Central America Free Trade Agreement (KCAFTA) Internationalization Platform for SICA Firms</td>
<td>$750,000</td>
<td>Trade</td>
<td>Costa Rica, Honduras, Panama, Nicaragua, El Salvador, Guatemala</td>
</tr>
<tr>
<td>Leveraging Technologies to Support the Government of Costa Rica with the Development of a Climate-Smart Greenhouse</td>
<td>$700,000</td>
<td>Agriculture</td>
<td>Costa Rica</td>
</tr>
<tr>
<td>Supporting with the Modernization of La Ceiba Port through Waterfront Redevelopment</td>
<td>$100,000</td>
<td>Transportation</td>
<td>Honduras</td>
</tr>
<tr>
<td>Strengthening CABEI’s Institutional Competitiveness by Advancing their Human Resources Management &amp; Governance</td>
<td>$100,000</td>
<td>Human Resource</td>
<td>Regional</td>
</tr>
</tbody>
</table>

**TOTAL** $3,710,000
Development of Panama Metro Line 5 Rail Network

**Sector:** Transportation  
**Country:** Panama  
**Commitment:** $630,000 USD

Panama Metro is a rapid transit passenger rail system within the Metropolitan Area of Panama City, the largest city in the country and the national economic and commercial hub. This project intends to assess the feasibility of the development of Line 5 as its convergence with existing metro lines makes it a nexus of transit activity that significantly increases the coverage of the network.

Metro Line 5 is a priority undertaking that will be the first to connect the central area of the city with the eastern region, thereby facilitating access to important urban services, including commerce, education, healthcare, and recreation. It is expected to promote inclusive economic growth of the region, create new jobs, enhance access to health facilities and education, and reduce traffic and carbon emissions.

Wastewater Treatment Facility and Sewerage System in Liberia, Costa Rica

**Sector:** Water and Sanitation  
**Country:** Costa Rica  
**Commitment:** $600,000 USD

In Liberia, Costa Rica, only 20% of households have access to wastewater treatment systems, and the rest rely on outdated septic tanks, causing untreated wastewater discharged into water bodies and posing severe health risks to the population.

With the objective of improving environmental sustainability, the project will deliver technical studies to assess the demand and feasibility of modernizing and expanding the wastewater treatment facility and sewerage systems. Leveraging South Korean best practices, the project will also provide a concrete construction plan and technical specifications for the proposed civil works. Ultimately, the modernized system will expand the coverage of water and sanitation services, improve environmental sustainability, and enhance the quality of life of citizens.
Development of a Trade Repository for the Cross-Border Clearing and Settlement of Sovereign Securities for Central America

**Sector:** Finance  
**Country:** Regional  
**Commitment:** $100,000 USD

Underdeveloped capital markets and lack of local institutional investors limit the amount and maturity of funding available in Central America. This project aims to support the modernization and development of capital markets by evaluating the feasibility of establishing a regional market infrastructure with recommendations on necessary hardware, software and regulatory reforms to centralize the information of public debt securities traded across the region.

Ultimately, this project is expected to contribute to more robust, efficient, secure, and integrated capital markets for trading public and private securities across the region.

South Korea-CABEI Cultural Exchange Program

**Sector:** Trade  
**Country:** Regional  
**Commitment:** $100,000 USD

To celebrate the incorporation of South Korea as the 15th member country of CABEI, this initiative provided the Bank with an opportunity to increase their understanding of South Korean traditional culture. By increasing the Bank’s awareness of South Korea, the cultural exchange program had the objective of laying the foundation for stronger cooperation between the ROK and the Bank to advance the economic development and integration of the region.

The cultural exchange activities, hosted at the headquarters of the Bank, included heritage demonstrations and traditional performances. Furthermore, South Korean cuisine was prepared by leading culinary institutes and chefs from the country and served during the Board of Governor’s Meeting.
Development of the Santiago de los Caballeros - Santo Domingo Rail Line

Dominican Republic’s two most productive economic hubs, Santo Domingo and Santiago, are also the country’s most populous urban areas. Due to the high population density and the heavy volume of cargo transport, poor transport network connecting these two cities presents challenges with productivity, logistical costs, pollution, and public health.

Technical studies are conducted to assess the feasibility of a rail line connecting the two cities and linking them with La Haina Port. Railway infrastructure in the region can play a key role in improving the mobility of citizens and goods, increasing economic activity and trade, providing access to employment opportunities, and improving the quality of life by reducing congestion and pollution.

Republic of Korea and Central America Free Trade Agreement (K-CAFTA) Internationalization Platform for SICA Firms

In 2018, the Republic of Korea-Central America Free Trade Agreement (K-CAFTA) was signed, marking a turning point in the economic relations between South Korea and the region. However, the potential of the K-CAFTA was not fully realized as the global economy was impacted by the COVID-19 pandemic.

This project aims to boost the trade and investment flows between South Korea and the region through a development of a comprehensive internationalization program in which an online platform will be established to provide knowledge, technical assistance and strengthen the institutional, technical, and operational capacities of key public and private stakeholders in CA and ROK to take advantage of the benefits arising from the implementation of the K-CAFTA.
Support for the Modernization of La Ceiba Port through Waterfront Development

Strategically located by the Caribbean Sea, the Port of La Ceiba is one of the four major ports in Honduras that serves as a major accelerator of the local economic development. However, due to the high level of infrastructural deterioration, the port is at risk of closure.

To realize the national vision to become the logistics hub of the Central American region, this project aims to provide a roadmap for the redevelopment of La Ceiba Port and its hinterlands that highlights connectivity between the waterfront and urban areas, focused investment in port infrastructural development, and facilitation of commerce and businesses while improving the ecosystem for tourism.

Strengthening CABEI’s Institutional Competitiveness by Advancing their Human Resources Management & Governance

The incorporation of South Korea to the Bank has created the need for a capacity building program for professionals to manage and excel in cross-cultural and global work environments. The HR department of the Bank is expected to play a significant role in enhancing the skills and attitudes that drive performance and fostering the culture that are required to develop projects effectively and efficiently with ROK, while aligned with institutional priorities and objectives.

This project will transfer South Korean knowledge and best practices related to human resource development and provide recommendations on the Bank’s institutional strategy to recruit, retain, and engage its personnel to provide higher quality of services and enhance its competitiveness in the region.
Leveraging Technologies to Support the Government of Costa Rica with the Development of a Climate-Smart Greenhouse and Commercialization Strategy

The growing intensity of extreme weather events in Costa Rica is threatening the agricultural sector, which impacts job creation, income generation, export promotion, and food security. This project aims to address these challenges by introducing climate-smart greenhouses from which evidence-based recommendations will be drawn for their implementation, operation, and management that address sustainability and commercial viability.

This project is expected to transfer climate smart agriculture technologies that improve the country’s adaptive capacity and resilience against climate change, while empowering farms to unlock new agricultural innovations. The proliferation of climate-smart technologies can revitalize the national agriculture sector by reducing operating costs, generating income, creating new markets, and improving food security.
1.4 IN-KIND CONTRIBUTION PROJECT

Launched during the early months of the COVID-19 pandemic, the KTF placed a top priority on providing immediate relief to CABEI member countries. Recognizing the lack of access to key health products due to export restrictions amidst growing demand for personal protective equipment, the KTF provided an in-kind contribution of KF94 masks, medical coveralls and shoe covers to support the region’s healthcare workers.

In line with the core principle of the KTF to reflect local demand in projects, member countries were requested to assess their local public health situation and identify the health product that is most in need. Most beneficiary member countries unanimously indicated face masks. El Salvador placed medical coveralls and shoe covers as their priority product.

In 2021, the health product of choice was delivered to the health ministries of Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama for timely distribution across hospitals and health clinics. The health supplies were 100% manufactured in South Korea to ensure the highest quality and standard. The support provided to healthcare workers in the region not only helped to slow the spread of the pandemic, but it also contributed to enhancing the visibility of South Korea as a trusted partner to CABEI member countries during the most challenging times.
1.5 COMPLETED PROJECT: KOREA-CABEI CULTURAL EXCHANGE

As part of the LXI Ordinary Meeting of the Board of Governors of CABEI held in Tegucigalpa, Honduras, on September 2, 2021, CABEI with the support of KTF hosted the South Korea-CABEI Cultural Exchange Event to increase awareness of South Korean culture and strengthen partnership between South Korea and the member countries of CABEI.

The event was attended by the Governors and Directors of CABEI as well as key stakeholders from the member countries. Professional performers showcased the rich heritage of South Korean traditional music and dance.

Followed by the performance, the event presented a buffet of traditional dishes from South Korea which were meticulously prepared by Grand Master Chef Ha Yeon Lee and Chef Hyun Ji Myoung representing the World Kimchi Institute and the Korean Food Promotion Institute, respectively. A tasting of 12 traditional dishes and 5 different types of kimchi left an unforgettable impression on all participants and increased their interest in South Korean culture and heritage.

The successful execution of the event has brought South Korea, as an extra-regional partner, one step closer to Central America and reinforced cooperative partnership with the member countries of CABEI.
The first batch of KTF approved projects have commenced at the beginning of 2021. To ensure timely progress, high quality deliverables, and maximum impact, the Bank developed a monitoring and evaluation (M&E) framework for the KTF. This framework is applied across the project cycle, from project conception to implementation and closing.

For the execution of M&E, a survey questionnaire is administered to relevant key stakeholders of the project, including the Bank’s Task Team Facilitators as well as local implementation and beneficiary agencies. The survey aims to identify challenges and opportunities throughout the project life cycle and assess the impact of the project intervention.

A final M&E report is created based on the survey results which assesses the relevance, efficiency, effectiveness, impact and sustainability of the TC’s objective, inputs, activities, outputs, and outcomes.

The M&E framework is a value-added project management approach for enhancing the Bank’s capacity to administer the KTF, strengthening the Bank’s institutional memory for lessons learned from the execution of each technical cooperation to ensure continuous improvement and operational excellence. The framework assesses the relevance, efficiency, effectiveness, impact and sustainability of the TC’s objective, activities, outputs, and outcomes.
**RELEVANCE**

The assessment of the extent to which the objectives of project intervention are consistent with beneficiaries’ country needs, donor’s priorities, and CABEI’s thematic portfolio.

**EFFICIENCY**

The assessment of the extent to which the project intervention reasonably spent its resources (expertise, time, cost, etc.) and contributed to achieving the defined outputs within the expected time.

**EFFECTIVENESS**

The evaluation of the extent to which the project intervention has been useful in achieving its objectives defined in the proposal and/or addressing major factors that influence the achievement or non-achievement of the objectives.

**IMPACT**

The validation of positive and negative, direct and indirect, and intended and unintended long-term effects of the project activities in the relationship between ROK, CABEI, and beneficiary countries, i.e.,

**SUSTAINABILITY**

The evaluation of the likelihood of continued benefits from the project intervention after the conclusion of the project through government-led or CABEI’s operations.
SECTION 2.
KTF Strategic Framework
The KTF’s ability to incorporate South Korean content to projects opened new doors for South Korean firms to expand throughout Central American markets. In 2021 alone, a total of 9 contracts were signed with South Korean firms and/or consortiums for the execution of projects in various sectors including transportation, social housing, health, finance, and trade. These projects immediately elevated the presence and visibility of South Korea across the region.

Supporting South Korean firms to successfully execute projects is in the best interest of the Bank and ROK. The KTF has incorporated measures and processes to ensure the highest standard of delivering technical assistance to member countries. To support ROK firms, the KTF offers guidance to improve their understanding of the Bank’s processes, set expectations for level of quality related to every technical cooperation and provides technical feedback on deliverables. At the same time, the KTF increased the awareness of the Bank personnel through consultations and workshops on the business culture of South Korea to facilitate more inclusive collaboration and understanding.

At CABEI, the role of the KTF extends beyond identification of pre-investment studies. The KTF provides guidance that allows the Bank and the South Korean firms to overcome cultural differences and align expectations to ensure the most optimal outcomes from the technical cooperation.

The KTF provides technical support throughout the entire project cycle with ROK counterparts and leads knowledge transfer and capacity building activities with Bank personnel to improve project coordination with South Korean consultants.
Since the incorporation of South Korea as an extra-regional member in 2019, collaboration between the ROK government and CABEI has been one characterized by dynamism, vibrancy, and innovation. This partnership helped the Bank take a giant leap forward regarding visibility and competitiveness in the region.

The KTF is the cornerstone of the strategic partnership between ROK and CABEI. By employing the wealth of knowledge and experience of ROK public institutions and private sector, the KTF team has been leading advocacy, partnerships, and outreach activities with South Korean stakeholders on behalf of the Bank, thereby contributing to the processes of building communication channels and establishing alliances with ROK counterparts.

The KTF serves as the strategic control tower and the Bank’s institutional memory for cooperation with ROK. As a reliable and dedicated partner to both parties, the KTF enables timely coordination and impactful cooperation to overcome challenges and create new, innovative opportunities.
The KTF serves the Bank’s mission through identifying and developing impactful projects to overcome challenges to regional economic development and integration. From the demand generation perspective, the KTF ensures that technical cooperations reflect the country’s national priority agenda to ensure political willingness via consultations with local implementation agencies.

From the supply-side perspective, the unique and value-added feature of the KTF is the alignment of projects to ROK’s economic development strategy through policy dialogues with their ministries, public sector agencies, state-owned enterprises, and the private sector in the sectors of ROK’s priority. Along this line, the KTF creates opportunities to showcase South Korean expertise and align them with projects to ensure the most successful outcomes.

With the deep understanding of South Korea’s technologies, solutions and knowhow, the KTF has been able to successfully integrate South Korean content during the project conception stages with local implementing agencies to achieve the shared interests of member countries, the Bank and ROK.

The climate-smart greenhouse TC is the first smart farm pilot project funded by ROK in Central America. It is also the first ICT project for CABEI. By converging sectors of interest for both parties - ICT, Agriculture, Climate Change, Trade & Integration, this TC is expected to bring high visibility and tangible results in introducing smart greenhouses in dry climate conditions that are vulnerable to climate change.
Having transformed from an Official Development Assistance (ODA) recipient to a donor country, South Korea has steadily increased the size of its ODA resources to transfer its lesson learned and best practices to developing countries. In 2020, the amount of ODA totaled $2.2 billion, of which only 7.6% was allocated to Latin America. The share that is channeled to the Central American region is even lower. The low percentage of resources assigned to the region may be attributed to the limited awareness of opportunities by South Korean executing agencies.

To overcome this, the KTF prioritized the mobilization of additional bilateral cooperation resources from South Korean public agencies by creating viable joint cooperation opportunities. The activities that were funded with these additional resources were designed and developed by the KTF to ensure synergy with existing KTF projects and avoid duplication, thereby scaling the scope and impact of the cooperation overall. As more resources are channeled by the Bank into Central American countries, the relationship between South Korea and the region will strengthen.

Korea Overseas Infrastructure & Urban Development Corporation (KIND) financed $280,000 to conduct studies on commercial strategies to increase non-tariff revenue and improve the financial sustainability of the Panama Metro network. This project will create synergy with the Panama Metro Line 5 Feasibility Study funded by KTF.
2.5 WAY FORWARD

As the world transitions to the post-pandemic era, Central America stands at a critical juncture to tackle lingering social, economic, and political challenges to regional growth. The KTF will continue to play an instrumental role in positioning CABEI and ROK as trusted partners in the region through technical assistance that provides tailored solutions, long-term investment opportunities, and tangible impact for economic recovery and sustainable growth.

First, the Bank will continue to tap into additional international cooperation sources of ROK to create synergies. Mobilizing bilateral grants to co-finance KTF projects will expand the scope and impact of each project and incentivize greater South Korean private sector participation. The Fund shall explore partnerships with more government entities and public institutions. This joint cooperation strategy led by the KTF is expected to increase the competitiveness of the Bank while promoting South Korean visibility.

Second, the Bank has established an Innovation Center, benchmarking the best examples from ROK. The KTF shall leverage this initiative to further strengthen the Bank’s capacities within the information and communication technology (ICT) sector. The successful operations of the Innovation Center will increase the visibility of the Bank and ROK throughout the region.

Third, the KTF will prioritize the identification of pilot projects and South Korean technology demonstrations to scale up the project’s impact, raise the ROK’s and Bank visibility and enhance linkages to potential loan financing. Deployment of localized ICT solutions as a pilot, coupled with knowledge transfer for its maintenance and operation will offer tangible impact and support South Korean private sector market entry.

In the following years, the KTF shall be more ambitious and continue building on our track record in terms of facilitating regional development, creating investment opportunities, and serving as the bridge between ROK and Central America.

“the KTF shall be more ambitious and continue building on our track record in terms of facilitating regional development, creating investment opportunities, and building a bridge between ROK and Central America.”
SECTION 3.
FINANCIAL STATEMENTS
### 3.1 Balance Sheets

As of December 31, 2021, and December 31, 2020
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2021 (USD)</th>
<th>2020 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and demand deposits</td>
<td>778,442</td>
<td>395,844</td>
</tr>
<tr>
<td>Interest-bearing deposits</td>
<td>14,985,015</td>
<td>9,106,422</td>
</tr>
<tr>
<td>Accrued interest receivables</td>
<td>2,856</td>
<td>1,358</td>
</tr>
<tr>
<td>Other assets</td>
<td>5,286</td>
<td>47,843</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>15,771,599</td>
<td>9,551,467</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-refundable technical cooperations</td>
<td>2,201,281</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,201,281</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>2021 (USD)</th>
<th>2020 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained earnings</td>
<td>9,551,467</td>
<td>0</td>
</tr>
<tr>
<td>Change in net assets for the period</td>
<td>4,018,851</td>
<td>9,551,467</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>13,570,318</td>
<td>9,551,467</td>
</tr>
</tbody>
</table>

| Approved Technical Cooperations | 8,410,000 | 0 |

### 3.2 Statement of Activities

From the year ended December 31, 2021, and for the five-month period ended December 31, 2020
(Expressed in US dollars)

<table>
<thead>
<tr>
<th>Income</th>
<th>2021 (USD)</th>
<th>2020 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>8,752,271</td>
<td>8,503,573</td>
</tr>
<tr>
<td>Management fee</td>
<td>1,544,519</td>
<td>1,500,631</td>
</tr>
<tr>
<td>Interest on deposits with banks</td>
<td>15,977</td>
<td>7,998</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>10,312,767</td>
<td>10,012,202</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative expenses</td>
<td>1,472,136</td>
<td>460,735</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,472,136</td>
<td>460,735</td>
</tr>
</tbody>
</table>

Non-refundable technical cooperations | 4,821,780 | 0 |

**Change in Net Assets for the Period**

| Net assets at the beginning of the period | 9,551,467 | 0 |
| Net assets at the end of the period      | 13,570,318 | 9,551,467 |
### 3.3 Statement of Cash Flows

From the year ended December 31, 2021, and for the five-month period ended December 31, 2020 (Expressed in US dollars)

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in net assets for the period</td>
<td>4,018,851</td>
<td>9,551,467</td>
</tr>
<tr>
<td>Non-refundable technical cooperations formalized</td>
<td>4,821,780</td>
<td>0</td>
</tr>
<tr>
<td>Net decrease (increase) in other assets</td>
<td>42,557</td>
<td>(47,843)</td>
</tr>
<tr>
<td>Net increase in accrued interest receivable</td>
<td>(1,498)</td>
<td>(1,358)</td>
</tr>
<tr>
<td>Non-refundable technical cooperations disbursed</td>
<td>(2,620,499)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td><strong>6,261,191</strong></td>
<td><strong>9,502,266</strong></td>
</tr>
</tbody>
</table>

| Cash and cash equivalents, beginning of period              | 9,502,266    | 0            |
| Cash and cash equivalents, end of period                    | 15,763,457   | 9,502,266    |
| **Net increase in cash and cash equivalents**              | **6,261,191**| **9,502,266**|