Dated 06/24/15

Dr. Hong Tack Chun  
Dean  
Korea Development Institute  
School of Public Policy and Management  
263, Namsejong-ro, Sejong-si  
339-007, South Korea

Agreement to Establish a Balance Account for the Korea Development Institute

Dear Dr. Hong Tack Chun:

1. For ease of administration, the International Bank for Reconstruction and Development (IBRD) and the International Development Association ("IDA") (collectively, the "Bank") recognize the benefit to the Korea Development Institute (the "Donor") of having a trust fund account at the Bank for the purpose of temporarily holding funds (Balance Account Funds) prior to being either refunded to the Donor or transferred to an existing trust fund (a "Balance Account").

2. The Bank accordingly proposes to establish a Balance Account for the Donor subject to the terms set out in the Annex attached hereto (the "Terms of Balance Accounts"). The Terms are harmonized and apply to all Donor Balance Accounts. The designated Balance Account for the Donor shall be TF No.072440.

3. Please confirm your acceptance to the foregoing, on behalf of KDI, by signing and dating the two (2) originals of this Agreement, retaining one (1) original for your record and returning the other original to the Bank. Upon receipt by the Bank of the original Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.
4. If the Donor has any questions related to the Donor Balance Accounts please contact Biju Lukose at 202-458-7631 or Blukose@worldbank.org.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Jaehyang So
Director
Trust Funds and Partnerships

CONFIRMED AND AGREED:

KOREA DEVELOPMENT INSTITUTE

[Signature]
By: Dr. Hong Tack Chun
Name: Dr. Hong Tack Chun
Title: Dean of KDI School of Public Policy and Management

Date: June 30, 2015
ANNEX

TERMS OF BALANCE ACCOUNT

1. The Balance Account shall have the following restricted uses:

   a) The Bank shall transfer to the Balance Account any fund balance remaining in a trust fund funded solely by the Donor upon the termination of such trust fund, or a pro rata amount of any remaining balance in a multi-donor trust fund upon the Donor’s termination of its participation in such trust fund, except in either case as otherwise provided in the trust fund administration agreement between the Bank and the Donor for such trust fund;

   b) The Bank shall transfer to the Balance Account for investment income any investment income earned on Donor funds in existing trust funds, except as otherwise provided in the trust fund administration agreements between the Bank and the Donor for such trust funds;

   c) Under exceptional circumstances, the Donor may transfer amounts designated for a specific trust fund administered by the Bank before the contemplated trust fund is in existence, and the Bank may receive funds into the Balance Account, provided that the Bank and the Donor have previously entered into a separate agreement specifying the terms of transfer; and

   d) The Bank shall transfer from the Balance Account amounts designated by the Donor (i) in payment towards the Donor’s subscription for any shares in the Bank; (ii) for the repurchase of all or a portion of its National Currency Paid-in Capital in the Bank; (iii) in payment towards the Donor’s subscription or contribution to the International Development Association (IDA); (iv) in payment for the Donor’s contribution to an Externally Funded Output (EFO) or (v) in payment for the Donor’s contribution to existing trust funds administered by the Bank provided, in each case, that the Bank and the Donor have entered into a separate agreement specifying the terms of transfer.

2. Funds shall be transferred to the Balance Account as follows:

   a) Funds to be transferred upon the termination of a trust fund under paragraph 1(a) and investment income to be transferred under paragraph 1(b) shall be transferred internally by the Bank to the relevant Balance Account; and

   b) For funds to be received from the Donor under paragraph 1(c), if an agreement has been executed for the receipt of the funds into the relevant Balance Account, the Donor may deposit funds into the IBRD’s Cash Account “T”, for the currency in which the relevant Donor Balance Account is maintained. When making such deposit, the Donor shall instruct its bank to include in its
payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for the Donor’s Balance Account, the date of the deposit, and purpose. In addition, the Donor shall provide a copy of the Donor’s deposit instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

3. Balance Account Funds shall be disbursed as follows:

(a) At least annually or otherwise as requested by the Donor, any Balance Account Funds may be returned to the Donor account as determined by the Donor and as the Donor may in writing notify to the Bank Contact identified in paragraph 5(a);

(b) Upon written notice to the Bank Contact by the Donor Contact, the Donor may at any time request the Bank to transfer all or a portion of Balance Account Funds to an existing trust fund (Funds for Transfer), subject to prior entry into a separate agreement between the Bank and the Donor for receipt of such contribution; and

(c) Funds received under paragraph 1(c), a proper written request shall hold in abeyance for up to six months, provided, however, that if no supporting agreement is entered into within six months after such request, the Bank may at its discretion return the Funds for Transfer to the Donor in accordance with paragraph 3(a).

4. Pending disbursement, Balance Account Funds shall be managed as follows:

(a) Balance Account Funds may be commingled for investment purposes with other trust fund assets maintained by the Bank, but shall be kept separate and apart from the funds of the Bank. The Bank shall hold and report separately on the aggregate Balance Account Funds on a quarterly basis until such time as the Balance Account Funds have been disbursed in accordance with this Agreement. The Bank shall invest and reinvest the Balance Account Funds in accordance with the Bank’s policies and procedures for the investment of trust funds administered by the Bank. All such investment income shall be credited to the relevant Balance Account.

(b) The Bank shall maintain separate records and ledger accounts in respect of the Balance Account Funds.

The Bank shall make available to the Donor internet access to unaudited financial information relating to Balance Account Funds in the Balance Account via the Bank’s Trust Funds Donor Center secure website.
The Bank shall provide to the Donor, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (1) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the Bank’s external auditors’ opinion thereon. The cost of such attestations shall be borne by the Bank.

If the Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Balance Account established under this Agreement, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the Donor.

5. Contact regarding all matters related to the Balance Account shall be made to the following Bank Contact unless or until the Bank communicates in writing to the Donor Contact in paragraph 5(b) a change to the Bank Contact information:

(a) For the Bank (the “Bank Contact”):

Division Manager
Trust Funds Division, Client Services Department
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Cc: Senior Accounting Officer
Trust Funds Division, Client Services Department
Tel: 202-458-7631
Email: Blukose@worldbank.org
Fax: 202-477-7163

Cc: Manager, Trust Funds and Partnerships
Development Finance
Tel: +1-202-473-7706
Email: csuh@worldbank.org
Fax: +1-202-522-2447
(b) For the Donor (the “Donor Contact”):

The person to whom the letter to which this Annex is attached, or such other person as such person shall have notified in writing to the Bank Contact, shall be considered by the Bank as authorized to represent the Donor on any matters pertaining to the Balance Account, including the ability to provide instructions for disbursement.

6. The following terms shall additionally apply:

(a) The Donor and the Bank each retain the right to terminate this Agreement at any time upon ninety (90) days’ written notice by its Contact to the respective other Contact. Such termination shall result in the return of all Balance Account Funds to the Donor’s account specified in paragraph 3(a) and the closing of the Balance Account.

(b) The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donor, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

(c) By entering into this Agreement, the Donor consents to disclosure of this Agreement and related information on this Donor Balance Account in accordance with the World Bank Policy on Access to Information.