Administration Agreement between the Republic of Korea, acting through the Korea Development Institute, and the International Bank for Reconstruction and Development and the International Development Association concerning Korea Development Institute and World Bank Leadership, Learning and Innovation Learning Partnership Single-Donor Trust Fund (No. TF072350)

1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) acknowledge that the Republic of Korea, acting through the Korea Development Institute (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of Two Billion Four Hundred Million Korean Wons (2,400,000,000 KRW) (the “Contribution”) for Korea Development Institute and World Bank Leadership, Learning and Innovation Learning Partnership Single-Donor Trust Fund, No. TF072350 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

2. The Contribution shall be used to finance the activities set forth in the “Korea Development Institute and World Bank Leadership, Learning and Innovation Learning Partnership Trust Fund Description” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement, including the “Standard Provisions” attached hereto as Annex 2.

3. Upon receipt of each payment request from the Bank, the Donor shall promptly convert each installment requested into United States Dollars (“Contribution Currency”) at an exchange rate obtained by the Donor (the “USD Amount”) and thereafter deposit the USD Amount into the bank account designated in such payment request (each amount deposited hereinafter referred to as an “Installment”) in accordance with the following schedule:

   (A) Promptly following countersignature of this Agreement, the USD amount of Eight Hundred Million Korean Wons (800,000,000 KRW)
   (B) By December 31, 2016, the USD amount of Eight Hundred Million Korean Wons (800,000,000 KRW)
   (C) By December 31, 2016, the USD amount of Eight Hundred Million Korean Wons (800,000,000 KRW)

4. When making any deposit, the Donor shall instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072350 (Korea Development Institute and World Bank Leadership, Learning and Innovation Learning Partnership Trust Fund), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor shall provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Agreement shall be in writing and delivered by mail, fax or e-mail to the respective Party’s address specified below or at such other address as such Party notifies in writing to the other Party from time to time:
For the Bank (the "Bank Contact"):

Ms. Susan Shen  
Manager, Operations and Partnerships  
Tel: (202)458-2430  
E-mail: sshen@worldbank.org

For the Donor (the "Donor Contact"):

Dr. Taejong Kim  
Managing Director  
Korea Development Institute School of Public Policy and Management  
Tel: +822 3299 085  
E-mail: tjkim@dischool.ac.kr

6. In the event any amounts are to be returned to the Donor under this Administration Agreement, the Bank shall transfer such amounts to the Donor, unless otherwise agreed with the Bank.

7. All annexes hereto constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended only by written amendment between the Bank and the Donor.

8. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Administration Agreement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement shall become effective as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

By:  
Name: Sanjay Pradhan  
Title: Vice President  
Leadership, Learning and Innovation  
Date: December 12, 2014

KOREA DEVELOPMENT INSTITUTE

By:  
Name: Dr. Joon-Kyung Kim  
Title: President, Korea Development Institute  
Date: December 17, 2014
ANNEX I

Korea Development Institute and World Bank Leadership, Learning and Innovation
Learning Partnership
Trust Fund Description

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor.

1. Objectives
The objective of the Trust Fund is to assist effective learning of the Bank's client countries to address development challenges in the area of inclusive growth and shared prosperity, and public finance and expenditure management, through knowledge dissemination and exchange.

2. Activities
The activities (which may be described as "components" of activities) to be financed by the Trust Fund are:

2.1 Bank-executed activities for which the Bank has implementation responsibility:

(a) capacity development support, including training and preparation of case studies and papers, for formulation and implementation of policy tools in the area of inclusive growth and shared prosperity;

(b) capacity development support, including training and preparation of case studies and papers, to provide state of art knowledge in the area of public finance and expenditure management; and

(c) strategic outreach and consultation to form knowledge-sharing networks, and knowledge events to disseminate lessons learned.

3. Eligible Expenditures
3.1 For Bank-executed activities, the Trust Fund funds may be used to finance:

(a) Associated overheads
(b) Consultant fees for individuals with indirect costs
(c) Consultant fees for firms
(d) Contractual services
(e) Media, Workshops, Conference and Meeting
(f) Staff costs with indirect costs
(g) Travel expenses
4. Taxes

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.

5. Program Criteria

5.1 Activities are to be financed in accordance with the following program criteria:

(a) The activity falls under the strategy and the work program of Leadership, Learning and Innovation Vice Presidency or Governance Global Practice of the Bank.

(b) The activity falls under one of the Bank’s knowledge products: Technical Assistance, External Training or Economic Sector Work.

(c) The activity addresses development challenges in the following areas: health sector policy and social safety nets, drivers of growth and competitiveness, public policy and management, role of science and technology in development, or public finance and expenditure management.

(d) Targeted countries of the activity are those eligible to receive World Bank financing.

(e) Bank staffs’ travel expenses under paragraph 3(g) of Annex 1 for the activity do not exceed fifty percent (50%) of its total cost.
Standard Provisions

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor, it being understood that any plural references in the annexes to Donors, Administration Agreements, Contributions and pro rata shares shall be read as singular references to the Donor, its Administration Agreement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

1. Administration of the Contributions

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration Agreement and shall not be subject to any other duties or responsibilities to the Donors, 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 Administration 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.

1.2 Each Donor's Contribution (collectively, the "Contributions") shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank’s obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the Charter of the United Nations. The Donors acknowledge that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to a Donor.

2. Management of the Contributions

2.1 The funds deposited in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund shall be held is United States Dollars (the "Holding Currency").

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank shall convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.
2.5 The Bank shall invest and reinvest the funds deposited in the Trust Fund pending the disbursment in accordance with the Bank's applicable policies and procedures for the investment of trust funds administered by the Bank. The Bank shall transfer all income from such investments to the Donor's applicable donor balance account with the Bank.

3. **Trust Fund Fees and Costs**

3.1 The Bank shall deduct and retain for its own account, as a one-time deduction from the funds in the Trust Fund, an amount equal to and not greater than thirty-five thousand United States Dollars (US$35,000) as a set-up fee for the Trust Fund upon receipt of funds in the Trust Fund.

3.2 The Bank shall additionally deduct and retain for its own account, as a deduction from each Installment, an amount equal to five percent (5%) per Installment as an administrative fee for the Trust Fund.

3.3 Each Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Agreement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Agreements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from new Donors under new Administration Agreements.

4. **Accounting and Financial Reporting**

4.1 The Bank shall maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and disbursements made therefrom.

4.2 The Bank shall furnish to the Donors current financial information relating to receipt, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions shall be made available to the Donors via the World Bank's Trust Funds Donor Center secure website.

4.3 The Bank shall provide to the Donors via the World Bank's Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) 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 (ii) a combined financial statement for all cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

4.4 If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund, 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 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 borne by the requesting Donor.

5. **Progress Reporting**

5.1 The Bank shall provide the Donors with annual reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

6. **Disbursement; Cancellation; Refund**

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by April 30, 2018 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donor) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

6.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata share, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and or other third parties for the purposes of this Administration Agreement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank shall return to the Donor its pro-rata share in the Holding Currency as specified in the Administration Agreement; unless otherwise agreed between the Bank and the Donor.

7. **Disclosure; Dispute Resolution**

7.1 The Bank shall disclose the Administration Agreements and related information on the Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Agreements, the Donors consent to such disclosure of their respective Administration Agreements and such related information.

7.2 The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.