

AMENDMENT No. 1

to the

ADMINISTRATION AGREEMENT

between

THE INTER-AMERICAN DEVELOPMENT BANK

and

THE KOREA RESEARCH INSTITUTE FOR HUMAN SETTLEMENTS

regarding

**Project Specific Grant to the Inter-American Development Bank for the
Project titled, "South Korean Affordable Housing Policies: Lessons for Latin
American and Caribbean Countries (RG-W1028/RG-X1210)"**

WHEREAS, on March 25, 2014, the Korea Research Institute for Human Settlements (the "Donor") and the Inter-American Development Bank (the "Bank", jointly referred to as the "Parties") entered into a Project Specific Grant (PSG) Administration Agreement (hereinafter the "Administration Agreement") in connection with the Bank's Project titled "South Korean Affordable Housing Policies: Lessons for Latin American and Caribbean Countries" (RG-W1028/RG-X1210) (the "Project"), as further described in the Project Document attached to the Administration Agreement (the "Project Document"), as amended on April 25, 2014 by the Revised Project Document attached to this Amendment No. 1 as the Annex A (the "Revised Project Document").

WHEREAS, the Donor has agreed to continue supporting the Project by providing an additional grant contribution in the amount of U.S.\$180,000.00 (one hundred eighty thousand dollars of the United States of America) to the Bank in one single installment (the "Additional Contribution"), to be administered by the Bank for the RG-X1210 component of the Project and pursuant to the terms and conditions of the Administration Agreement.

NOW, THEREFORE, the Parties hereby agree to amend the Administration Agreement pursuant to Section 14 of the Administration Agreement and to amend the Project Document as contemplated in the Bank memorandum attached to this Amendment No. 1 as the Annex B, as follows (throughout this Amendment No. 1, capitalized terms used but not defined herein shall have the meanings ascribed to them under the Administration Agreement):

1. Section 1 of the Administration Agreement is hereby superseded, which shall now read as follows:

"1. The Donor will make available to the Bank a grant contribution in the amount of U.S.\$280,000.00 (two hundred and eighty thousand United States dollars) (the "Contribution") to be administered by the Bank to co-finance the Project. The Contribution includes a five percent (5%) administration fee in the terms stated in Section 6 below. The Donor shall transfer the Contribution to the Bank according to the following payment schedule:

Date:

Amount:

Upon signature of this Administration Agreement by the Parties:

U.S.\$100,000.00 (one hundred thousand dollars of the United States of America)

No later than 14 calendar days following the date of signature of the Amendment No. 1 to the Administration Agreement by the Parties:

U.S.\$180,000.00 (one hundred eighty thousand dollars of the United States of America)"

2. For the avoidance of doubt, the Parties acknowledge that the first installment due upon signature of the Administration Agreement has already been disbursed by the Donor to the Bank.

3. Section 3 of the Administration Agreement is hereby superseded, which shall now read as follows:

"3. The Donor will transfer the Contribution to the Bank in installments, upon the Bank's written request, to the account indicated by the Bank in writing (the "Account"). The Account is denominated in U.S. dollars and includes resources provided as grant funds by other donors for other Bank projects. The Contribution will be administered in the Account without distinction from other donors' contributions."

4. Section 6 (a) of the Administration Agreement is hereby superseded, which shall now read as follows:

“(a) a fee equal to five percent (5%) of the total amount of any Contribution installment at the time such installment is deposited by the Donor into the Account; and”

5. For the avoidance of doubt, the Donor acknowledges that the Bank will charge and retain a fee equal to five percent (5%) of the total amount of the Additional Contribution at the time it is deposited by the Donor into the Account, to assist in the defrayment of administrative costs in relation to the Additional Contribution.

6. Section 12 (b) of the Administration Agreement is hereby superseded, which shall now read as follows:

“(b) For the Donor:

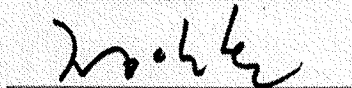
Korea Research Institute for Human Settlements
254 Simin-daero, Dongan-gu,
Anyang-si, Gyeonggi-do, 431-712
South Korea
Attention: Director, Global Development Partnership Center (GDPC)
Tel.: +82-31-380-0348
Fax: +82-31-380-0468
E-mail: gdpc@krihs.re.kr”

7. The Donor further acknowledges that the Project Document has been amended by Revised Project Document.

8. All other terms and provisions of the Administration Agreement not expressly modified herein shall remain in full force and effect. Further, this Amendment No. 1 shall enter into force on the latest date of its signature by the Parties below, and shall constitute an amendment to, and form an integral part of, the Administration Agreement.

IN WITNESS WHEREOF, the Korea Research Institute for Human Settlements and the Inter-American Development Bank, each acting through its duly authorized representative, have signed this Amendment No. 1 in the English language as of the dates indicated below.


**KOREA RESEARCH INSTITUTE FOR
HUMAN SETTLEMENTS**



Ilho Chung

Director, Global Development Partnership Center

INTER-AMERICAN DEVELOPMENT BANK



Bernardo Guillamon

Manager, Office of Outreach and Partnerships

Date: 11/24/2015

Date: 11/24/15

Technical Cooperation (TC) Document

Regional

SOUTH KOREA AFFORDABLE HOUSING POLICIES: LESSONS FOR LATIN AMERICAN AND CARIBBEAN COUNTRIES (RG-X1210/RG-W1028)

I. BASIC INFORMATION

- Country/Region: Regional
- TC Name: South Korea affordable housing policies: Lessons for Latin American and Caribbean countries.
- TC Number: RG-X1210 and RG-W1028
- Team Leader/Members: Nora Libertun de Duren, Team leader; Javier Leon; Andres Blanco; Dianela Avila y Maria Perrier (IfD/FMM); Andres Uribe Orozco (LEG/CLA), y Diego Valenzuela Raby (LEG/SGO).
- TC Abstract authorization: March, 2014
- Beneficiary: Regional
- TC taxonomy: Research and Dissemination (R&D)
- Executing Agency and contact: Inter-American Development Bank (IDB)
- Donors providing funding: Korea Research Institute for Human Settlements (KRIHS)
- IDB Funding Requested: US\$100,000¹ to be allocated as follows:
 - RG-X1210: US\$27,500
 - RG-W1028: US\$72,500 Externally - Funded Complementary Workforce (EF-CWE)
- Person responsible for supervision: Nora Libertun de Duren (nlibertun@iadb.org)
- Disbursement period: 14 months
- Execution period: 12 months
- Required start date: May 1st, 2014
- Types of consultants : Individual International
- Prepared by Unit: Fiscal and Municipal Management (FMM)
- Unit of Disbursement Responsibility: Institutions for Development (IfD)
- TC Included in Country Strategy: Yes
- TC included in CPD: Argentina (2012-2015); Brazil (2012-2014); Colombia (2011-2014); Ecuador (2012-2017); El Salvador (2010-2014); Mexico (2010-2012); Peru (2012-2016).
- GCI-9 Sector Priority: (i) Reduce poverty and inequality. The research will focus on the lowest income households living in cities.

¹ These funds will be administered by the IDB through a non-reimbursable project-specific grant (PSG). KRIHS will contribute US\$100,000. This PSG will be administered by the IDB pursuant to document SC-114. In accordance with that document, the commitment of KRIHS for the PSG will be established through a separate Administrative Agreement. The Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this project.

II. OBJECTIVES AND JUSTIFICATION OF THE TC

- 2.1 **Objective.** The objective of this TC is to improve affordable housing policies in Latin American and Caribbean (LAC) countries through the analysis of the South Korea experience on incorporating the private sector in the financing of affordable housing, promoting community involvement in the design and implementation of affordable housing programs, and supporting a rental market targeted to the lowest income households.
- 2.2 **Justification.** Access to housing in LAC countries has improved—since 2000, the percentage of households with access to housing has risen in all quintiles (Bouillon, 2012).² Nonetheless, the absolute number of households in a housing-deficit situation has increased. The qualitative deficit affects 40 million households, who suffer from overcrowding (three or more people per room), or lack basic services or secure tenure of their homes. Moreover, there are a further 13 million households subject to a quantitative deficit, either because they live in makeshift housing, or because they share it with another household. The deficit is more prevalent the poorer the quintile, with one third of housing-deficit households belonging to the poorest quintile (Rojas and Medellín, 2011).³ Nearly half of the housing deficit in urban areas is attributable to the high cost of homes, and lack of access to financing. The scant development of the mortgage market, which accounts for just 1.5% of mortgages worldwide (Warnock, 2008),⁴ is probably associated with the high degree of economic informality that prevails in the region. Lastly, the region is falling behind in the use of sustainable construction techniques and the production of adequate housing. The stock of housing in the region amounts to 250 homes for every 1,000 inhabitants, half of that recorded in European Union countries (UN Habitat, 2010).⁵
- 2.3 Against this backdrop, IDB's Housing and Urban development Sector Framework Document (IDB, 2013⁶), proposes to expand the access to housing finance for the poorest population, and expand the housing services offered—including the rental market; while promoting citizen participation. South Korea has successfully implemented policies in all these three areas. Its government has supported rental housing to meet the needs of low-income households since the 1970s (Park, 2007⁷). In 1998, following the Asian crisis, it revamped its housing policies to further include community participation in the design of affordable housing programs (PCWP, 2007). Last, in 2009, it created the Korean Mortgage Corporation (KoMoCo) in partnership with Merrill Lynch to successfully refinance affordable housing debt of the National Housing Bank in South Korea⁸

² Bouillon, C. Ed. 2012. *Room for Development: Housing Markets in Latin America and the Caribbean*. IDB.

³ Rojas, E., and Medellín, N. 2011. "Housing policy matters for the poor. Housing conditions in Latin America and the Caribbean 1995-2006." *IDB Working Paper Series No. IDB-WP-289*.

⁴ Warnock, 2008. "Markets and housing finance." *Journal of Housing Economics*. Doi:10.1016/j.jhe.2008.03.001.

⁵ UN Habitat, 2010. *State of the World's Cities 2010/2011*. Nairobi: UN Habitat.

⁶ Inter-American Development Bank, 2013. *Urban Development and Housing Sector Framework Document*. GN-2732-2

⁷ Park, S. Y. (2007) *The State and Housing Policy in Korea*, in Groves, R., Murie, A. and Watson, C. (eds.) (2007) *Housing and the new welfare state: Perspectives from East Asia and Europe*, Aldershot: Ashgate.

⁸ PCPW_Presidential Commission on Public Welfare (2007) *The evaluation of Participatory Government's living welfare policy*, Seoul: PCPW.

(UN_Habitat, 2009).⁹ This TC would extract lessons from these experiences towards the design and implementation of policies promoting affordable housing in LAC.

III. DESCRIPTION OF COMPONENTS AND ACTIVITIES

- 3.1 The Project Specific Grant (PSG) from KRIHS (RG-W1028) will finance An Individual Consultant. This professional is expected to provide technical support and expertise in a joint KRIHS/IDB research project on the area of urban development and housing and as member of project teams for the development, evaluation, and dissemination of urban and housing projects and research. The consultant will contribute to the achievement of the stated objectives in the following two components and its contract will be for 12 months:
- 3.2 **Component I: Korean Week (KW).** This component will support activities related to the **(i) preparation** of the Korean Week, especially regarding KRIHS participation; and **(ii) posterior dissemination** of the main conclusions. The Korean week is jointly sponsored by the Institutions for Development Department (IfD) at the IDB and the Ministry of Strategy and Finance of the Government of South Korea, and it will be held in May 2014, at the IDB headquarters in Washington DC.
- 3.3 **Component II: Joint Research.** This component consists of two main activities:
 - a. **Carry out background research.** This aims to stockpile study various affordable housing policy practices for urban poor in Korea and analyze their potential applicability in LAC. The background research will include topics in the areas of community participation, private sector's role in expanding the affordable housing supply and financing; expanding the supply of rental housing, and housing related institutions and funds for urban redevelopment and developing new towns.¹⁰ When applicable, these topics will incorporate community-driven practices as it becomes a key factor for affordable housing policies to sustain community and residential environment. These topics could be updated by the research team.
 - b. **Develop a toolkit for affordable housing in LAC.** A toolkit is a list of preconditions that housing practitioners and policy makers should consider to design affordable housing policies and measures for urban poor. It will be developed and adjusted to make it applicable to LAC countries by relying on existing research on housing policies in LAC. The toolkit would focus specially in defining under which conditions these policies could be implemented in LAC countries, understanding the different conditions in each of the region.
- 3.4 A FMM sector specialist will support the joint research, providing guidance and statistical information related the LAC cities.
- 3.5 **Indicative Results** Table I indicate the expected results of this TC, including indicators and goals. The disbursement time is 14 months.

⁹ UN_Habitat, 2009. Concept Note on Affordable Housing, New York, 25 June 2009.

¹⁰ See Annex I for details about these topics.

TABLE 1. Indicative Results Matrix					
Product Indicators					Goal 2015
Component II. Korean Week					
	Base	Goal	Source	Impact indicator	#
KRIHS participation in KW	0	1	IDB docs (KW program)	# of hits Korean Week blog	100
Dissemination of KW	0	3	Blogs, twitter, video		
Component III. Joint Research					
	Base	Goal	Source	Impact indicator	#
Research	0	1	IDB docs	# of references to toolkit in IDB/KRIHS documents	2
Toolkit	0	1			

IV. BUDGET

A. Indicative Budget

- 4.1 The total budget for the contract and benefits of this professional will be US\$72,500 cover with the RG-W1028, and the remaining balance of US\$27,500 with the RG-X1210.

Detail budget for RG-X1210/RG-W1028	
Activity for the RG-W1028	IDB/PSG Funding
EF-CWE – Individual consultant	
• Honorarium (12 months)	\$62,000
• Medical Insurance Allowance	\$3,000
• Airfare (economy fare)	\$7,500
Subtotal for RG-W1028	\$72,500
Activities for the RG-X1210	
Research activities	\$18,000
Publications	\$2,500
Contingencies	\$2,000
Administration Fee 5%	\$5,000
Subtotal for RG-X1210	\$27,500
Total	\$100,000

- 4.2 KRIHS expects to commit US\$100,000 to this project. Resources of this project to be received from KRIHS will be provided to the Bank through a PSG. The PSG is administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)” (SC-114). As contemplated in these procedures, the commitment from KRIHS will be established through a separate administrative arrangement. Under such arrangement, the resources for this project will be administered by the Bank and the Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this

project. The 5% administrative fee will be charged after the contribution has been received.

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 The project team will be responsible for the preparation and submission to the donor of the project reporting in compliance with the stipulation of the Administration Agreement.
- 5.2 If at the end of project execution the project was closed with a positive uncommitted and unspent balance, the project team will be responsible for informing ORP/GCM to transfer the unspent balance as agreed to by the donor and the Bank pursuant to the terms of the PSG Administration Agreement”.
- 5.3 The procurement will be carried out by the Bank in accordance with the procedures set forth by Human Resources for the hiring of Complementary Workforce (AM-650) and for consulting and non-consulting services, being this R&D benefiting the Bank knowledge bank, the project team will follow procedures and IDB Corporate Procurement Policy (GN-2303-20).

VI. MAJOR ISSUES

- 6.1 None

VII. EXCEPTIONS TO BANK POLICY

- 7.1 None

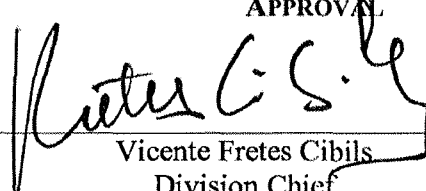
VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 8.1 No adverse environmental impact is expected from this TC. Therefore, it is recommended that this TC would be classified as “C” (IDBDocs #38724393).

Required Annexes:

Annex I. Terms of Reference for activities/components to be procured

Annex II. Procurement Plan RG-X1210/RG-W1028

Approved :  APPROVAL
Vicente Fretes Cibils
Division Chief
Fiscal and Municipal Management Division
(IFD/FMM)

25/4/14
Date



MEMORANDUM

IFD/FMM/167/2015

IDBDocs #39924799

Date: October 26, 2015

To: Sonia Rivera, ORP/GCM
From: Fretes Cibils, Vicente

A handwritten signature in blue ink, appearing to read "Vicente Cibils", is written over a horizontal line. A second horizontal line is drawn below the signature.

Date of Approval _____

Subject: REGIONAL. South Korean Affordable Housing Policies: Lessons for LAC (RG-X1210 – ATN/CF-14388-RG). Increase approval.

REF: Approval of an increase of the approved amount for operation RG-X1210 “South Korean Affordable Housing Policies: Lessons for Latin American and Caribbean Countries” in the amount of US\$ 180,000.

Attached for your consideration is a proposal for activities with the additional resources provided by Korea Research Institute for Human Settlements (KRIHS) to support the Bank’s Technical Cooperation RG-X1210 “South Korean Affordable Housing Policies: Lessons for Latin American and Caribbean Countries (LAC)”. This TC aims at improving urban development and housing policies in LAC countries through sharing South Korea’s knowledge and experience and applying the suitable positive aspects to LAC countries. The amendment of the TC is to increase the budget in the amount of US\$180,000 (new amount US\$207,500) to continuously support the successful implementation of the TC.

cc: Andres G. Blanco, Team Leader, IFD/FMM
Maria Elisa Arango, Operational Attorney, LEG/SGO
Claudia Ogialoro, ORP/GCM
So Young Lee, Team Member, IFD/FMM

ANNEX

Proposed activities for the additional resources to be provided by KRIHS TC “South Korean Affordable Housing Policies: Lessons for Latin American and Caribbean Countries (RG-X1210)”

1. Basic Information

▪ Country/Region:	Regional
▪ TC Name:	South Korean Affordable Housing Policies: Lessons for Latin American and Caribbean Countries
▪ TC Number:	RG-X1210
▪ Team Leader/Members:	Andrés Blanco, Team Leader; Javier León; So Young Lee; Dianela Avila (IFD/FMM); Maria Elisa Arango (LEG/SGO)
▪ Taxonomy:	Research & Dissemination
▪ Beneficiaries:	Regional
▪ Executing Agency:	Inter-American Development Bank through the Fiscal and Municipal Management Division (IFD/FMM)
▪ Donors providing funding:	Korea Research Institute for Human Settlements (KRIHS)
▪ Total budget:	US\$ 207,500 (US\$27,500 + US\$180,000)
▪ Approval date:	April 25, 2014
▪ Expiration date:	June 26, 2016
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by unit:	IFD/FMM
▪ Unit of Disbursement Responsibility:	Institutions for Development Sector (IFD/IFD)

2. Background

The Korea Research Institute for Human Settlements (KRIHS) committed US\$100,000 to the Bank to support the TCs (RG-X1210/RG-W1028) in April, 2014. The resources received from KRIHS were provided to the Bank through a Project Specific Grant (PSG). To continue the successful implementation of the TC “South Korean Affordable Housing Policies: Lessons for Latin American and Caribbean Countries (RG-X1210)”, KRIHS expressed their interest to provide additional resources in the amount of US\$180,000. The execution and disbursement period of the TC has been extended by 12 months, until June 26, 2016 to support additional activities.

3. Objective

The objective of this TC is to improve urban development and housing policies in Latin American and Caribbean (LAC) countries through sharing South Korea (Korea)'s knowledge and experience on urban development and housing and applying the suitable positive aspects of the Korea's experience to LAC countries.

4. Activities

- 3.1 The additional resources contributed by the KRIHS will finance three components: Joint Research and Consultation, FMM-KRIHS Annual Urban Workshop, and 3-year Capacity Building Program in Korea.
- 3.2 **Component I - Joint Research and Consultation:** This component will fund a joint research, a consultation and several publications. The joint research will analyze Korea's experience on urban development and housing, especially the ones that have demands in LAC region and are applicable, and propose application measures, using expertise of the KRIHS and the Bank. The joint consultation will support the follow-up activities that are defined through a Capacity Building Program with the LAC participating countries to develop the result of program and lead it to the implementation stage. These will mostly focus on the following topics: free economic zone development, land and new town development, and social housing. All these topics can be the measures to achieve economic and social development and to improve the quality of lives of low-income households in LAC countries, which is consistent with the purpose of this TC.
- 3.3 **Component II - FMM-KRIHS Annual Urban Workshop:** This component will fund an annual workshop, planned to be held at IDB HQ, to share ongoing activities of the KRIHS and the Bank, to find lessons for LAC countries and to present the process and result of the FMM-KRIHS collaborative activities. It will also serve as an opportunity to discuss and develop the cooperation agenda for the following year.
- 3.4 **Component III - 3-year Capacity Building Program in Korea:** This component will finance the invitation and travel expenses of high-level government officials to Korea, to share the urban development and housing knowledge and experience of Korea and LAC countries, focused on the topics that have more demands in LAC region. It will further finance the development of an implementation scheme for projects to meet demands and solve issues examined through the program and initiate the joint research and consultation to conduct a feasibility study. This program is intended to be implemented over a three year period starting from 2015 until 2017.

5. Budget

The total budget for the complementary PSG grant is US\$180,000 and the detail of the additional expenditures is as follows:

Activity/Component	IDB/PSG Funding
Component I. Joint Research	\$90,000
Research Activities	\$70,000
Publications	\$20,000
Component II. Annual Urban Workshop	\$45,000
Travel Expenses	\$25,000
Conference Services	\$10,000
Publication	\$10,000
Component III. Capacity Building Program	\$30,000
Travel Expenses	\$20,000
Honorarium for Presenters	\$10,000
Others	\$15,000
Contingencies	\$6,000
Administration Fee 5%	\$9,000
Total	\$180,000

6. Executing Agency

The Bank, through the Fiscal and Municipal Management Division (FMM), will execute this TC. The project team will prepare and submit project reporting to the donor.