

ADMINISTRATION AGREEMENT

between

THE INTER-AMERICAN DEVELOPMENT BANK

and

**THE MINISTRY OF SECURITY AND PUBLIC ADMINISTRATION
OF THE GOVERNMENT OF KOREA**

regarding

**Project Specific Grant to the Inter-American Development Bank for the
financing of an Externally Funded Complementary Workforce Employee to
collaborate in the field of Smart Grid technologies and processes**

RG-X1179

THIS ADMINISTRATION AGREEMENT is entered into between the Ministry of Security and Public Administration of the Government of Korea (“MOSPA”) and the Inter-American Development Bank (the “Bank”) (together referred to as the “Parties”).

WHEREAS, the Bank requires an Externally Funded Complementary Workforce Employee (the “EF-CWE”) that comes to the Bank to collaborate in the field of Smart Grid technologies and processes, as described in the attached “EF-CWE” Document;

WHEREAS, MOSPA has agreed to support the execution of EF-CWE by providing a project specific grant to be administered by the Bank; and

WHEREAS, the Bank is prepared to receive and administer the contribution funds to be made available by MOSPA.

NOW, THEREFORE, the Parties hereby agree as follows:

1. MOSPA will make available to the Bank a grant contribution in the amount of U.S. \$380,000.00 (Three Hundred Eighty Thousand dollars of the United States of America) (the “Contribution”) to be administered by the Bank to finance the EF-CWE. The Bank will not commit resources in excess of the amount of the Contribution effectively received from MOSPA, following any exchange of foreign currency into U.S. dollars.
2. The Contribution will be solely for the purposes indicated in the EF-CWE. Any material deviations from the objectives and activities described in the EF-CWE will require MOSPA’s written approval.
3. Following the signature of this Administration Agreement by the Parties, MOSPA will transfer the Contribution to the Bank in two installments as follows: (a) U.S. \$204,000.00 (Two Hundred and Four Thousand dollars of the United States of America) thirty (30) days prior to the initiation of the first year of the EF-CWE’s contract; and (b) U.S. \$176,000.00 (One Hundred Seventy Six Thousand dollars of the United States of America) two months before the expiration of the first year of the EF-CWE’s contract. MOSPA shall transfer each installment, upon the Bank’s written request, to the account #04404221 “Inter-American Development Bank – Cofinancing Account” opened by the Bank at Deutsche Bank America Trust, New York (swift #BKTRUS33XXX) (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. The Bank will administer the Contribution in accordance with the provisions of this Administration Agreement and the Bank’s applicable policies and procedures. The Bank will exercise the same care in the discharge of its functions, as described in this Administration Agreement, as it exercises with respect to the administration and management of resources from other donors and will have no further liability to MOSPA in respect thereof.

5. The Contribution will be accounted for separately from the Bank's assets, and will be administered together with other contributions received by the Bank. The Bank may freely exchange the Contribution funds into other currencies as may facilitate their administration and disbursement. The Bank will not be responsible for foreign exchange risk in the receipt, conversion or administration of Contribution funds. Further, the Bank may at its discretion invest and reinvest the resources of the Contribution pending their disbursement in connection with the EF-CWE.
6. To assist in the defrayment of the administrative costs in relation to the Contribution, the Bank will charge and retain:
 - (a) a fee equal to five percent (5%) of the total amount of the Contribution at the time the Contribution is deposited by MOSPA into the Account; and
 - (b) any investment income generated by the Contribution pending its disbursement towards the EF-CWE.
7. The Bank's policies and procedures for the hiring of Complementary Workforce Employees will be applicable for the contracting of the EF-CWE with resources of the Contribution.
8. MOSPA will not be responsible for the activities of any person or third-party engaged by the Bank as a result of this Administration Agreement, nor will MOSPA be liable for any costs incurred by the Bank in terminating the engagement of any such person.
9. Promptly following the completion of the EF-CWE, the Bank will submit to MOSPA a final report regarding the EF-CWE. MOSPA may also request a copy of the non-audited financial statements of the EF-CWE. In addition, MOSPA may request an "agreed upon procedures" report issued by the Bank's external auditor on the use of the Contribution resources. The cost of such auditor's report will be borne by MOSPA and will not be deducted from the Contribution. MOSPA will reimburse the Bank for the cost of this report promptly after receiving a written request from the Bank. The Bank will not provide audited financial statements for the Account.
10. As soon as possible upon completion of the EF-CWE, the Bank will return to MOSPA any remaining uncommitted Contribution funds, unless otherwise agreed to in writing by the Parties.
11. MOSPA further acknowledges that the Bank's commitment to use the Contribution as contemplated herein will be subject to the Bank's formalization of all internal approvals necessary for the EF-CWE.
12. The offices responsible for coordination of all matters and receiving any notice or request in writing in connection with this Administration Agreement or the EF-CWE are as follows:

(a) For the Bank:

- i. All communications pertaining to donor relations and resource mobilization will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Manager, Office of Outreach and Partnerships (ORP)
Tel.: +1 (202) 623-1583
Fax: +1 (202) 623-2543
E-mail: partnerships@iadb.org

- ii. Day-to-day communications regarding the implementation of this Administration Arrangement will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Chief, Grants and Co-financing Management Unit
Office of Outreach and Partnerships
Tel: +1 (202) 623-2019
Fax: +1 (202) 623-3171
E-mail: orp-gcm@iadb.org

(b) For MOSPA:

Ministry of Security and Public Administration of the Government of Korea
209 Sejong-daero, Jongno-gu, Seoul, 110-760
REPUBLIC OF KOREA
Attention: Woo-ho Kim
Director, Appointment and Promotion Division
Tel.: +1 (82-2) 2100-1728
Fax: +1 (82-2) 2100-1729
E-mail: naryjiyoun@korea.kr

13. This Administration Agreement will come into force on the date of its signature by each of the Parties.
14. The Parties may amend any provision of this Administration Agreement in writing.
15. Subject to their respective policies and procedures with respect to the disclosure of information, the Parties may make this Administration Agreement publicly available.

16. Nothing in this Administration Agreement may be construed as creating an agency relationship between the Parties.

17. The Parties will seek to settle amicably any disputes that may arise from or relate to this Administration Agreement.

IN WITNESS WHEREOF, the Inter-American Development Bank and the Ministry of Security and Public Administration of the Government of Korea, each acting through its duly authorized representative, have signed this Administration Agreement in two (2) original counterparts in the English language as of the dates indicated below.

**INTER-AMERICAN
DEVELOPMENT BANK**

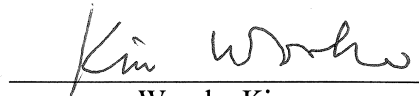


Bernardo Guillamon
Manager

Office of Outreach and Partnerships

Date: SEP 20/2013

**MINISTRY OF SECURITY AND
PUBLIC ADMINISTRATION OF THE
GOVERNMENT OF KOREA**



Woo-ho Kim
Director

Appointment and Promotion Division

Date: SEP 23, 2013

Inter-American Development Bank
Externally-Funded Complementary Workforce (EF-CWE) Document

EF-CWE N°: RG-X1179

I. GENERAL INFORMATION:

Name of EF-CWE: Government of Korea
Contract modality (*PEC/TTC/DTC*): DTC
Financing mechanism: (*TF, PSG, APO*): PSG
Trust Fund/Donor financing the EF-CWE: Ministry of Security and Public
Administration of the Government of Korea
Hiring IDB unit/division: Energy Division
Unit of Disbursement Responsibility (UDR): INE/ENE
Responsible for supervision: Leandro Alves
Estimated Total Amount to be financed: US\$380,000.00
Contract period and disbursement deadline: 2 years.

II. JUSTIFICATION AND OBJECTIVES:

LAC is facing a series of challenges in the energy sector. The energy consumption in LAC countries goes hand-in-hand with its economic growth, pressing countries to increase their generation, transmission and distribution capacity as a mechanism to ensure the availability of energy, i.e. their energy security. Countries are facing challenges to increase their Energy Efficiency (EE) and the share of Renewable Energy (RE) into their energy matrix.

To address these issues it will require not only regulatory changes but the introduction of a holistic approach to the cities of the LAC region and the way end-users and the grids that supply them manage energy consumption and distribution. Countries like Italy, Germany and Korea have been adopting new distribution models, promoting demand side management in order to increase EE and to allow the introduction of RE. Successful introduction of these new sources into existing grids requires a new type of distribution system that responds more accurately and flexibly to the energy demand fluctuations. Further, it requires a change of the unidirectional network, i.e., making grids smarter.

This individual will bring this expertise to the Energy Division, thus enabling the Division to position itself, and hence, the IDB at the leading edge of global energy developments. This work will ensure that the Division fulfills the renewable energy and increase sustainability requirements of the GCI-9.

III. DESCRIPTION:

The EF-CWE will join the Energy Division's Energy Innovation Center (EIC) for a two-year period, and participate, as a team member, in projects that are co-financed by Korean funds and/or the Export-Import Bank of Korea and support the coordination between the co-financiers and the IDB, as well as identify additional cooperation resources that might be available from the GoK for smart grid projects in LAC. Further, the individual will work with the Energy Division on a variety of projects including: assessing the potential and cost effectiveness for RE systems and smart grid technologies in LAC. The work includes: project evaluation, identification of technical, economic and regulatory barriers, as well as of opportunities for viable development of these technologies.

Another aspect of the work will be to participate in existing and future projects and technical cooperation agreements in the field of EE, focused on developing new applications for smart grids' evaluation, development and implementation. These activities will focus on the integration of RE into the electricity grid, as well as topics such as, transmission systems, operation, dispatch, smart grids, and electricity markets.

Finally, under the sponsorship of the GoK, and in consultation with the EIC, the EF-CWE will endeavor to organize one (1) training (and/or information) workshop for officials of member countries and specialists of the IDB or one (1) capacity building technical workshop in the areas of EE and smart grids, to internal and external audiences.

For a detailed description see attached ToRs.

IV. BUDGET:¹

4.1 The total budget for the contract of this expert is:²

	Monthly Amount in US\$ ^a	First Disbursement In US\$	Second Disbursement In US\$	Total Amount in US\$
Honorarium	10,500.00	126,000	126,000	252,000.00
Savings Plan 9% ^b	1,038.00	12,456	12,456	24,912.00

¹ Resources of this project to be received from MOSPA will be provided to the Bank through a Project Specific Grant (PSG). A 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)" (Document SC-114). As contemplated in these procedures, the commitment from MOSPA 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 had been received.

² In this section please also indicate that "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 MOSPA and the Bank pursuant to the terms of the PSG Administration Agreement".

Medical Insurance Allowance ³	\$750.00	9,000	9,000	18,000.00
Airfare Round Trip ^c		6,000	6,000	12,000.00
Installation Allowance ^d		5,000		5,000.00
Repatriation Allowance ^d			2,500	2500.00
Administrative fee, if applicable		19,000		19,000.00
Other ^e		26,544	20,044	46,588.00
TOTAL		204,000	176,000	380,000.00

a If the donor is making contribution in currency different than US\$, consult with GCM.

b Only for DTC.

c Only if applicable (TTC and DTC modalities), Individual or with eligible dependents.

d Only if applicable. Will be paid only if the EC-CWE (TFA, RF, APO) is not already in the United States, and in the event that after completing the program will return to their home country.

e Donors can pay travel expenses for missions, trainings, and/or any other budget category needed to fulfill their applicable laws that are acceptable to the Bank.

V. RESPONSIBILITY IN THE BANK:

- 5.1 **Technical Responsibility:** Leandro Alves, Division Chief, (202) 6231382, LeandroA@iadb.org
- 5.2 The project team will be responsible for the project in accordance to what has been established in the Administrative Agreement.
- 5.3 At the end of the contract, the EF-CWE in coordination with the project team will be responsible for the preparation and submission to the MOSPA of the project reporting in compliance with the stipulation of the Administration Agreement”.

TERMS OF REFERENCE
EXTERNALLY FUNDED COMPLEMENTARY WORKFORCE EMPLOYEE
FROM THE MINISTRY OF SECURITY AND PUBLIC ADMINISTRATION
OF THE GOVERNMENT OF KOREA
FOCUSED ON SMART GRIDS

The Energy Innovation Center (EIC) is an energy-sector knowledge hub that connects Latin America and the Caribbean (LAC) to the rest of the world. Its focus areas are:

1. Applied energy research;
2. Capacity building; and
3. Identification and formulation of traditional and innovative energy projects in the region.

The EIC is an integral part of the Inter-American Development Bank's (IDB) Energy Division, which is, in its own right, a focal point of excellence within the Infrastructure and Environment Department. The EIC boosts the Energy Division's research capacity, and through extensive use of web-based dissemination and regional policy dialogues, becomes a catalyst for knowledge and best practices exchanges.

Key to the success of this endeavor is its people. To complement its cadre of energy experts, the EIC hosts a *Strategic Partnerships* program. This unique partnership brings government, companies and university experts to the EIC – where they become one of the team, for a two to three-year period. During their tenure, the Externally Funded Complementary Workforce Employees (EF-CWE) are expected to contribute to all three of the EIC's program areas. In turn, this opportunity allows companies or different levels of government as well as learning institutions, to acquire deeper knowledge of the region; opportunities to interact at the highest levels; and a chance to exchange knowledge with experts in a number of fields.

The following are the Terms of Reference for a EF-CWE from the Government of the Republic of Korea (GoK) to focus on the area of smart grids and related energy in order to enhance the collaboration between the IDB and the Republic of Korea.

I. BACKGROUND

- 1.1 The IDB is the main source of multilateral financing for economic, social and institutional development in LAC. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing member countries.
- 1.2 LAC is facing a series of challenges in the energy sector. The energy consumption in LAC countries goes hand-in-hand with its economic growth, pressing countries to increase their generation, transmission and distribution capacity as a mechanism to ensure the availability of energy, i.e. their energy security. Countries are facing challenges to increase their Energy Efficiency (EE) and the share of Renewable Energy (RE) into their energy matrix. The integration of these technologies into existing networks poses considerable challenges. These issues – energy security, EE and RE – are central to the future of the energy sector in the region.
- 1.3 To address these issues will require not only regulatory changes but the introduction of a holistic approach to the cities of the LAC region and the way end-users and the grids that supply them manage energy consumption and distribution. Countries like Italy, Germany and Korea have been adopting new distribution models, promoting demand side management in order to increase EE and to allow the introduction of RE. Successful introduction of these new sources into existing grids requires a new type of distribution system that responds more accurately and flexibly to the energy demand fluctuations. Further, it requires a change of the unidirectional network, i.e., making grids smarter.
- 1.4 The International Energy Agency defines smart grids as: “. . . an electricity network that uses digital and other advanced technologies to monitor and manage the transport of electricity from all generation sources to meet the varying electricity demands of end-users. Smart grids coordinate the needs and capabilities of all generators, grid operators, end-users and electricity market stakeholders to operate all parts of the

system as efficiently as possible, minimizing costs and environmental impacts while maximizing system reliability, resilience and stability” (IEA, 2011).

- 1.5 Regarding the application of a smart grid, there are various options with varying levels of sophistication and complexity. Standard among applications is the use of advanced communication technologies to enable better use of the power systems’ assets and broaden the range of services offered to consumers. While most smart grid technologies have been developed for applications in the most technologically advanced countries, it is important to also develop smart grid applications that address the needs of the full range of economies, assuring that these technologies are also available for solving energy access and efficient utilization problems in those countries with smaller economies which are often the most heavily affected by energy issues.

II. GENERAL OBJECTIVE(S)

The EF-CWE would:

- 2.1 Participate, as a team member, in projects that are co-financed by Korean funds and/or the Export-Import Bank of Korea and support the coordination between the co-financiers and the IDB.
- 2.2 Identify additional cooperation resources that might be available from GoK for smart grid projects in LAC
- 2.3 Work with the Energy Division on a variety of projects including: assessing the potential and cost effectiveness for RE systems and smart grid technologies in LAC. The work includes: project evaluation, identification of technical, economic and regulatory barriers, as well as of opportunities for viable development of these technologies.
- 2.4 In coordination with the members of the Energy Division and hired consultants, participate in existing and future projects and technical cooperation agreements in the field of EE, focused on developing new applications for smart grids’ evaluation, development and implementation. These activities will focus on the integration of RE

into the electricity grid, as well as topics such as, transmission systems, operation, dispatch, smart grids, and electricity markets.

- 2.5 The EF-CWE will advise the project teams to ensure that the information and analysis contained in reports, written material, or knowledge products covering smart grid technologies is well referenced, accurate, and of the highest standards.
- 2.6 Under the sponsorship of GoK, and in consultation with the EIC, the EF-CWE will endeavor to organize one (1) training (and/or information) workshop for officials of member countries and specialists of the IDB or one (1) capacity building technical workshop in the areas of EE and smart grids, to internal and external audiences. The specific subject of the workshop, as well as the time and location are to be discussed with the EIC.

III. QUALIFICATIONS

- 3.1 Experience: at least 10 years of work experience in a government function; at least 5 years of relevant experience in smart grids, climate change, renewable energy, information and communication technologies (ICT), and the relevant R&D; experience in policy making is preferred.
- 3.2 Technological expertise in smart grid technologies including electricity transmission and distribution, energy storage system, advanced metering infrastructure, Electric Vehicle (EV) and ICT
- 3.3 Education: Advanced degree (Master's or higher) in Engineering, Computer Science, Economics, or other related fields
- 3.4 Languages: English and Korean fluency required, Spanish preferred.

IV. DURATION

- 4.1 2 year period

V. ADMINISTRATION

- 5.1 The EIC is responsible for providing the EF-CWE with an office, equipped with a computer, an e-mail account, phone number and other equipment that EIC deems necessary for the EF-CWE to perform the activities included in the ToRs.
- 5.2 The Korean Government is responsible for making available to the Bank a grant contribution in the amount of U.S. \$380,000.00 (Three Hundred Eighty Thousand dollars of the United States of America) (the "Contribution") to be administered by the Bank to finance the EF-CWE. The Bank will not commit resources in excess of the amount of the Contribution effectively received from MOSPA, following any exchange of foreign currency into U.S. dollars. These funds will cover the EF-CWE's remuneration, pension plan, health insurance, relocation, the costs of any Bank authorized travel associated with the EF-CWE's performance of the activities included in the ToRs, and a blackberry.
- 5.3 At the end of the contract, the EF-CWE in coordination with the project team will be responsible for the preparation and submission to the MOSPA of the project reporting in compliance with the stipulation of the Administration Agreement.

VI. SUPERVISION

- 6.1 The Head of Energy Innovation Center is the principal supervisor of the EF-CWE . Ultimately, the EF-CWE responds to Leandro Alves, Division Chief of Energy Division.