

ADMINISTRATION AGREEMENT

between

THE GOVERNMENT OF THE REPUBLIC OF KOREA

and

THE INTER-AMERICAN DEVELOPMENT BANK

regarding

**A Project Specific Grant to the Inter-American Development Bank for the
Project RG-X1127, titled “Support to the Telecommunications Sector II”**

THIS ADMINISTRATION AGREEMENT is entered into between the Government of the Republic of Korea (“Korea”), represented by the Korea Communications Commission (“KCC”) and the Ministry of Public Administration and Security (“MOPAS”), and the Inter-American Development Bank (the “Bank”) (together referred to as the “Parties,” and individually either of them, a “Party”).

WHEREAS, the Bank has designed Project RG-X1127 titled, “Support to the Telecommunications Sector II” (the “Project”), as set forth substantially in the attached Project Document (the “Project Document”);

WHEREAS, Korea, with resources of MOPAS, has agreed to support the execution of the Project by providing a project specific grant to be administered by the Bank;

WHEREAS, Korea, through the KCC, has advised and assisted the Bank in selecting a telecommunications specialist with the qualifications to meet the demand in the Latin American and Caribbean countries to further develop their telecommunications sector; and

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

NOW, THEREFORE, the Parties hereby agree as follows:

1. Korea, with resources of MOPAS, will make available to the Bank a gross contribution of U.S. \$358,838.00 (three hundred fifty-eight thousand eight hundred thirty-eight dollars of the United States of America (the “Contribution”) to be administered by the Bank to co-finance the Project. Said contribution includes a five percent (5%) administration fee in the terms stated below.
2. The Contribution will be solely for the purposes indicated in the Project Document. Any material deviations from the objectives and activities of the Project described in the Project Document will require Korea’s written approval.
3. Following the signing of this Administration Agreement by the Parties, Korea, acting through MOPAS, shall transfer the Contribution to the Bank in one single 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, including its human resources policies and procedures applicable to consultants hired using donor’s resources. 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 its own affairs and will have no further liability to Korea in that 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 undisbursed balance of resources from the Contribution in connection with the Project.
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 gross amount of the Contribution at the time the Contribution is deposited by Korea into the Account; and
 - b) any investment income generated by the undisbursed balance of the gross Contribution towards the Project.
7. The Bank's procurement policies and procedures will be applicable to the procurement of goods and services (GN-2349-9), as well as the contracting of consulting services (GN-2350-9), carried out with the Contribution, as required by the different components of the Project. Further, Korea accepts that:
 - a) the resources of the Contribution will be completely untied; and
 - b) the consultancy services financed with the Contribution may be provided and executed by companies, specialized institutions or individuals from any Bank member country.
8. Korea 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 Korea be liable for any costs incurred by the Bank in terminating the engagement of any such person.
9. Promptly following the completion of the Project, the Bank will submit to Korea a final Project report. Korea may also request a copy of the non-audited financial statements of the Project. In addition, Korea 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 Korea and will not be deducted from the Contribution. Korea 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, but not later than 180 calendar days upon completion of the Project, the Bank will return to Korea any remaining uncommitted Contribution funds, unless otherwise agreed to in writing by the Parties.
11. MOPAS further acknowledges that the Bank's commitment to use the Contribution as contemplated herein shall be subject to the Bank's formalization of all internal approvals necessary for the Project and/or the Project Document.
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 Project will be the following:

a) For the Bank:

Inter-American Development Bank
1300 New York Ave, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Marguerite S. Berger
Chief, Grants and Co-financing Management Unit
Vice Presidency for Countries (VPC/GCM)
Tel.: ++ 202-623-1774
Fax: ++ 202-623-3171
E-mail: vpc-gcm@iadb.org

b) For KCC:

Korea Communications Commission
178 Sejong-daero, Jongno-gu, 110-777, Seoul, KOREA
Attention: Daeseon Yoo
Director, International Organization Division
Tel.: +82-2-750-1730
Fax: +82-2-750-1449
E-mail : dsnyoo@kcc.go.kr

c) For MOPAS:

Ministry of Public Administration and Security
Central Government Complex, #1110, 209 Sejong-daero, Jongno-gu
110-760, Seoul, KOREA
Attention: Inho Lee
Director, Appointments & Promotion Division
Tel.: +82-2-2100-1728
Fax: +82-2-2100-1729
E-mail : line@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 Government of the Republic of Korea, represented by the Korea Communications Commission and the Ministry of Public Administration and Security, and the Inter-American Development Bank, each acting through its duly authorized representative, have signed this Administration Agreement in three (3) original counterparts in the English language as of the dates indicated below.

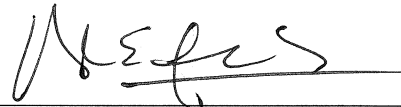
**REPUBLIC OF KOREA
KOREA COMMUNICATIONS
COMMISSION**



Daeseon Yoo
Director, International organization
Division

Date: Nov. 7. 2011

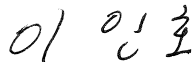
**INTER-AMERICAN
DEVELOPMENT BANK**



Bernardo Guillamon
Advisor, Office of Outreach and
Partnerships

Date: NOV 1, 2011

**REPUBLIC OF KOREA
MINISTRY OF PUBLIC ADMINISTRATION**



Inho Lee
Director, Appointments & Promotion Division

Date: Nov. 7. 2011

REGIONAL PLAN OF OPERATIONS

I. GENERAL INFORMATION

Title of the project:	Support to the Telecommunications Sector II
Project number:	RG-X1127
Donor:	Ministry of Public Administration and Security (MOPAS) of the Republic of Korea.
Team Members:	Mauricio Bouskela, Team Leader (SCL/SCT); Bernardita Saez (LEG/SGO); Alonso Chaverri-Suárez (LEG/CLA), Antonio Garcia Zaballos (SCL/SCT); Matías Bendersky (ORP/ORP); and Sandra Ortega (SCL/SCT).
Beneficiaries:	IDB member countries.
Executing Agency:	Inter-American Development Bank, through the Science and Technology Division.
Total amount to be financed:	US\$ 358,838 by Ministry of Public Administration and Security (MOPAS) of Republic of Korea.
Timetable:	Execution: 24 months. Disbursements: 27 months.

II. BACKGROUND

- 2.1 Information and Communication Technologies (ICTs) contribute to the process of economic and social growth by creating new opportunities for the generation, transformation and dissemination of information and knowledge that are essential for development. Studies that analyze the contribution of ICTs to the growth of developing countries agree on an essential aspect: access to information and knowledge can transform the productive processes, increase personal income and improve the living conditions of the poor.
- 2.2 More and more, ICTs play an increased role across sectors: from education to healthcare, to commerce and to public administration, ICTs are indispensable in any innovative process for business development. This has been evident in the Bank's actions, where most sectorial loan operations include ICT components, ranging from investments for institutional strengthening and human capital formation, to acquiring computer infrastructure, to the development of information systems that support the business processes of the borrowing institutions.
- 2.3 Since 2005, conscious of the increasing relevance of ICTs in the development agenda, the Bank has strengthened its technical capacity to respond to the demand in LAC countries, through the preparation of operations and technical assistance programs, the generation of knowledge and the creation of the Science and

Technology Division (SCT) that was established after the Bank's realignment in 2007.

- 2.4 The Science and Technology Division has the mission to support increased innovation efforts and investments in LAC countries as a means of increasing productivity, competitiveness and social welfare. It does so by continuing to focus its operational, knowledge, and capacity building work in three strategic areas: (i) Firm Innovation, especially among SMEs; (ii) Institutions and Human Capital for Innovation, including strengthening, development and upgrading of institutional, human, and physical technological and innovation infrastructure; and (iii) Adoption and Diffusion of Information and Communications Technologies (ICTs), with special emphasis on accelerating broadband development as a general purpose technology platform for innovation.
- 2.5 One of the main areas of responsibility of the SCT division is the development of telecommunications, a sector in which the Bank has been active in the last 25 years and one that is becoming more and more important as a way to respond to the increasing demand of the countries. Telecommunications continues to be an engine of economic growth and productivity. The widespread deployment and adoption of broadband¹ is critical for taking advantage of the full benefits the digital economy and society promise. Public policies need to support a robust telecommunications infrastructure. Digital infrastructure, specifically broadband, supports jobs both within the broadband industry and throughout the economy.
- 2.6 The improvement of the telecommunications sector in LAC countries, and especially the development of broadband connectivity, demands a combination of different interventions within the public and private actors in the areas of public policy, regulatory framework, infrastructure, capacity building, promotion, incentives to attract investments, and public-private partnerships, among others.
- 2.7 Within this strategic framework, SCT will emphasize economic and sector work on innovation in the services sector and on the impact of broadband on economic growth, employment and productivity, while strengthening operational work in C&D countries. Furthermore, SCT will lead a bank-wide Innovation Platform for Broadband Development aimed at accelerating the penetration and use of broadband services and applications in LAC. For that purpose SCT will complete the preparation of the proposal, strategy and action plan, while undertaking specific activities to start implementation of the initiative through pilot projects, knowledge and capacity building products, workshops and policy dialogues with key stakeholders in the region.
- 2.8 The Korea Communications Commission (KCC) was established in 2008 after consolidating the former Ministry of Information and Communication (MIC) and the Korean Broadcasting Commission (KBC), it serves as an integrated organization responsible for both policy-making and regulation. KCC is the

¹ The indicators for broadband penetration highlight that Latin American countries, with an average penetration of 5% of the population (International Telecommunications Union – 2008), fall behind other regions of the world. The diffusion of Internet and Broadband in the society is still limited, especially in the poorest countries of the region and in the poorest households in the countries.

government body responsible for formulating and managing the broadcasting and telecommunications policies and regulations, promoting the convergence process between broadcasting and telecommunications, as well as mitigating government regulations. Additionally, KCC aims to encourage fair competition, develop technologies and services, and foster universal service and user benefits in the broadcasting and telecommunications sector. Moreover, KCC's strong technical experience and best practices are critical assets that could be applied to Latin America Countries.

- 2.9 In this context, the Bank needs to strengthen its technical expertise, through the Science and Technology Division with the objective to improve its capacity to respond to the countries' demands for the development of the telecommunications. As a result of previous discussions between the IDB and the KCC, the Korean Government has decided to fund one consultant to work for the SCT Division; the hiring of a Telecommunications consultant from KCC will respond to the Bank's requirement to strengthen its technical expertise in Telecommunications and contribute to strengthening SCT's technical capacity to offer increased technical assistance to in response to the demand in the LAC countries.

III. OBJECTIVES

- 3.1 The objective of this project is to reinforce SCT's technical capacity and meet the demand in LAC countries to develop the telecommunications sector in the Latin American and Caribbean countries and offer increased assistance by incorporating a telecommunications specialist from the Korea Communications Commission.
- 3.2 The specific objectives of this consultancy are to: (i) contribute to the Bank's strategic alignment and action plan for the development of the telecommunications sector in the Region; (ii) support the SCT division in the development and execution of operations in the telecommunications sector; (iii) analyze the sector and provide recommendations for countries; and (iv) generate and disseminate knowledge on policy instruments that contribute to the acceleration of the broadband penetration in the region.

IV. DESCRIPTION

- 4.1 The Telecommunications consultant will support the SCT division in the promotion of innovative projects, identification of opportunities and funding for the Bank's action in response to the Region's demands in the telecommunications sector, including public policy, spectrum policy, strategic regulation, broadband infrastructure, digital strategies, sector competitiveness, and the adoption of innovative technologies.
- 4.2 In order to achieve the program's objectives, the consultant will execute the following activities:
 - a. Analyze the ICT environment of selected member countries of the IDB aiming at identifying opportunities for the IDB's intervention, funding

resources, and providing specific recommendations on public policy, regulatory framework, capacity building and demand generation, infrastructure requirements for borrowing member governments and for Bank staff, and following up on the opportunities.

- b. Develop knowledge and capacity products and approaches to better integrate ICTs in the development agenda of the borrowing countries, both from an analytical and operational point of view.
- c. Contribute to strengthening the IDB's ICT leadership in the region through the creation and dissemination of knowledge products in Telecommunications applicable in LAC countries.
- d. Develop a network of key regional institutions and liaisons with global players in the ICT industry that may contribute to accelerating ICT innovation and expanding ICT-enabled services in the region.
- e. Contribute to the design and implementation of ICT strategy and policy dialogue with senior officials of borrowing countries.
- f. As a member of the SCT team, the consultant will contribute to the division's ICT related activities such as the development and execution of operations, technology research, preparation of conceptual papers, sector analysis, attending technical meetings and events, supporting policy briefs, among other tasks.

4.3 **Within the initial twelve months**, the consultant is expected to deliver the following products:

1. Deliver **three** "Country Reports" each one for one selected Latin American or Caribbean country which contains an analysis of each of the country's ICT environment, institutions, main initiatives, challenges, opportunities, etc. Furthermore, the report should present a list of recommendations and best practices for further actions, based on Korea's successful experience and innovative solutions;
2. Prepare **one** technical paper based on an agreed topic to be chosen out of the following list: spectrum management, digital divide, universal Access and Services as an approach to funding telecommunications to the poor, underserved areas, feasibility tariffs, access technologies, etc;
3. Organize and deliver at least **one** joint IDB – KCC high level event in LAC or Korea aiming at boosting public investment and modernization of ICT policy in support of broadband coverage acceleration;
4. Develop and approve a work plan for the next twelve months;

4.4 The duration of the consultancy is twenty four months and specific Terms of Reference are attached.

V. JUSTIFICATION

- 5.1 This project will contribute to enhancing SCT's technical capacity to promote and develop telecommunications in the Latin America and Caribbean countries and offer increased assistance in order to meet the demand of the countries, by incorporating a telecommunications consultant from the KCC. The participation

of a KCC expert will be an important contribution for the countries in the LAC Region, opening new ways to further technical dialogue and collaboration with the IDB.

VI. FINANCING

- 6.1 Financial resources for this project are to be received from the Ministry of Public Administration and Security (MOPAS) of the Republic of Korea and 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 specified in these procedures, the commitment from the Ministry of Public Administration and Security (MOPAS) of the Republic of Korea will be established through an administrative agreement. Under such agreement, the resources for this project will be administered by the Bank, who will charge an administrative fee of five percent (5%) of the contribution, which is duly identified in the budget for this project.

VII. BUDGET

Item	US\$
Honoraria Korean Expert	
- First year	135,000.00
- Second year	141,750.00
Tickets (*)	
- Relocation and resettlement	10,000.00
Travel in the region for 2 years	40,000.00
Contingency	14,146.10
Sub-total	340,896.10
Administrative Commission (5%)	17,941.90
TOTAL	358,838.00

VIII. EXECUTION

- 8.1 This technical cooperation has will be executed over a period of 24 months and disbursed over a period of 27 months. The executing agency will be the Bank, through the Science and Technology Division (SCT).
- 8.2 The consultant will be working in the IDB’s headquarters in Washington D.C. and will travel in the region as needed.

IX. RESPONSIBILITY AT THE BANK

- 9.1 The SCL/SCT division will have the technical responsibility for the activities of and the results produced by the consultant, who will work under the supervision of Flora Montealegre Painter, SCL/SCT Division Chief (florap@iadb.org)

X. ENVIRONMENTAL AND SOCIAL REVIEW

- 10.1 The project was reviewed by the Environmental and Social Impact Review (ESR) Committee on September, 22 2011. No negative environmental or social effects were identified and the TC was classified as "C" category according to the Safeguard Classification Tool. The TC does not involve any investments in infrastructure or equipment.

XI. APPROVAL

Flora Montealegre Painter

Date