

ADMINISTRATION AGREEMENT

between

THE NORDIC DEVELOPMENT FUND

and

THE INTER-AMERICAN DEVELOPMENT BANK

regarding

**the “Non-reimbursable Technical Cooperation to Support the Regional
Geothermal Training Program”**

THIS ADMINISTRATION AGREEMENT is entered into between the Nordic Development Fund (“NDF”), 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 and approved Project ES-T1147/ES-X1004 titled, “Support for the Regional Geothermal Training Program” (the “Project”), as described in the attached Project Document (the “Project Document”);

WHEREAS, NDF has agreed to support the execution of the Project by providing a project specific grant contribution to be administered by the Bank; and

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

NOW, THEREFORE, the Parties hereby agree as follows:

TRANSFER AND MANAGEMENT OF FUNDS

1. NDF will make available to the Bank a contribution of EUR 1,000,000 (one million Euros) (the “Contribution”) to be administered by the Bank to finance the Project.
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 NDF’s written approval.
3. Following the signature of this Administration Agreement by the Parties, NDF shall, subject to Article 12 below, transfer the Contribution to the Bank in one single installment, upon the Bank’s written request. The Contribution will be deposited in an account indicated by the Bank in writing. Upon receipt of such deposit, the Bank will convert the amount of the Contribution into United States dollars and will deposit them into an account held by the Bank in said currency for the administration of the Contribution (the “Account”).
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 those applicable for third party resources administered by the Bank. 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 NDF in respect thereof.
5. a) The Contribution will be accounted for separately from the Bank’s assets, and will be administered separately from other contributions received by the Bank, but may be commingled with other contributions from NDF.

b) 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. Any adverse impacts of potential foreign currency fluctuations during the implementation period shall be discussed by the Parties and appropriate

remedial measures and amendments shall be negotiated if necessary. Notwithstanding the foregoing, neither NDF nor the Bank shall be obliged to contribute any additional funds as a result of any foreign currency fluctuations.

- c) Pending disbursement in connection with the Project, the Bank may at its discretion invest and reinvest the resources of the Contribution, following the Bank's investment policies, procedures and practices. Income earned from such investment and reinvestment shall be credited to the Account and returned to NDF, upon request from NDF or when the Account is closed, whichever occurs later.
6. To assist in the defrayment of the administrative costs in relation to the Contribution, the Bank will charge and retain a fee equal to five percent (5%) of the total amount of the Contribution, which may be withdrawn by the Bank from the Contribution, once the Contribution is converted into United States dollars. In addition, the Bank may also use the resources of the Contribution to cover the costs charged to the Bank related to the maintenance and transactions of the Account.

IMPLEMENTATION

7. The Bank's policies and procedures will be applicable to any relevant operational, financial and fiduciary aspects of the Project, including the procurement of goods, works, and consulting and other services, carried out with the Contribution, as required by the different components of the Project. Further, NDF accepts that:
- a) the resources of the Contribution will be completely untied;
 - b) the consultancy services financed with the Contribution may be provided and executed by companies, specialized institutions or individuals from any Bank member country; and,
 - c) notwithstanding the provisions stated above in this Article 7, as contemplated in the Project Document, the Board of Executive Directors of the Bank approved a waiver to the Bank's policies for the contracting of consultants, in order to allow the Bank to contract the National Energy Authority/United Nations University Geothermal Training Program (the "NEA/UNU-GTP"), which is from a nonmember country of the Bank (Iceland), and that such contract will be financed entirely with the Contribution.
8. The Bank shall inform NDF of any review missions undertaken by it related to the Contribution and provide to NDF a report setting out the main findings or results of such mission. The Bank shall invite NDF to join any Project review missions, including supervision missions and the mid-term review during the implementation of the Project and upon its completion. NDF shall be responsible for its own costs and obtaining any official approvals that may be required with respect to participation in any Project review missions.
9. NDF 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 NDF be liable for any costs incurred by the Bank in terminating the engagement of any such person.

REPORTING AND AUDIT

10. The Bank shall provide NDF with:

- a) reports on implementation of the activities funded under the Contribution and other reports and information as NDF may reasonably request concerning the progress of the Project that the Bank can provide in its normal course of business, and ii) promptly, no later than six months following the completion of the Project, a final Project report;
- b) at least semi-annually non-audited activity or financial reports of the Project, as such reports are provided by the Project's executing agency to the Bank, pursuant to the technical assistance or financing agreement entered between the executing agency and the Bank and, ii) promptly, and no later than six months from financial closure of the Project, a terminal financial report showing the receipts, income and expenditures under the Account and the remaining balance, if any. The Bank may provide a copy of any audited reports of the Project available to the Bank; and
- c) should NDF require an external audit of the Account, NDF shall request the Bank for such an external audit in writing upon completion of the Project. The cost of this audit shall be charged against the Account, provided funds are available after settlement of all expenditures related to the Project. Alternately, upon agreement by NDF and the Bank the cost of such external audit shall be paid separately by NDF.

CONSULTATIONS, AMENDMENTS, TERMINATION AND DISPUTE SETTLEMENT

- 11. As soon as possible upon completion of the Project, the Bank shall return to NDF any remaining uncommitted Contribution funds, including, if applicable, any income from investment or reinvestment in accordance with Article 5(c) above, unless otherwise agreed to in writing by the Parties.
- 12. NDF 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, and the Bank acknowledges that NDF's disbursement in accordance with Article 3 above is subject to such internal approvals.
- 13. The Bank shall endeavour to maximize opportunities to highlight the identity of NDF's contribution to the Project (e.g., through related signage, documentation and public information about the activities, including the use of NDF's logo), and invite NDF representatives to participate in key events related to the Project. NDF shall be responsible for its own costs with respect to any participation in such events, unless the NDF and the Bank agree otherwise in a case-by-case basis.
- 14. a) The Bank shall inform NDF promptly of any condition which significantly interferes, or threatens to interfere, with the performance by the Bank of its commitments under this Administration Agreement.

b) The Bank shall notify and consult with NDF whenever the Bank identifies a major change of scope in relation to any activities financed under the Contribution. If any such changes occur, which in the opinion of the Bank or NDF impairs significantly the developmental value of the Project, NDF and the Bank shall consult on measures to resolve the problem and possible courses of action. In the event of such changes, NDF, however, may decide to terminate this Administration Agreement or agree with the Bank on an amendment thereof.

15. 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 Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Chief, Grants and Co-financing Management Unit
Office of Outreach and Partnership (ORP/GCM)
Tel.: ++ 202-623-1774
Fax: ++ 202-623-3171
E-mail: orp-gcm@iadb.org

b) For NDF:

Nordic Development Fund
P.O Box 185, Fabianinkatu 34FIN - 00171 Helsinki
FINLAND
Attention: Helge Semb
Managing Director
Tel.: +358 618 002
Fax: + 358 9 622 1491
E-mail: info.ndf@ndf.fi

16. This Administration Agreement will come into force on the date of its signature by each of the Parties and shall remain in full force and effect until the date on which the Contribution has been fully disbursed by the Bank and all activities financed under the Contribution shall have been completed as set out in the Project Document. An estimated execution timetable is stated in the Project Document.

17. If at any time either Party determines that the purposes of this Administration Agreement can no longer be effectively or appropriately carried out either Party may give notice of termination of this Administration Agreement. Such termination shall enter into effect three (3) months after notice has been received, subject to the settlement of any outstanding obligations made prior to the notice being received. In the event of termination by either Party, both Parties shall cooperate to ensure that all arrangements made hereunder are settled in a fair and orderly manner. Upon termination the Bank shall return the Contribution funds to NDF in accordance with Article 11 above.

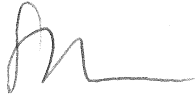
18. The Parties may amend any provision of this Administration Agreement in writing.
19. Subject to consultation with the other Party and their respective policies and procedures with respect to the disclosure of information, the Parties may make this Administration Agreement publicly available.
20. Nothing in this Administration Agreement may be construed as creating an agency relationship between the Parties.
21. The Parties acknowledge and agree that the Contribution constitutes the sole financing for the Project provided by NDF. The Administration Agreement will be considered joint financing for purposes of the provisions of the "Cooperation Agreement between the Nordic Development Fund and the Inter-American Development Bank for the Cofinancing of Programs and Projects", amended and restated as of January 26, 2010 (the "NDF-IDB Cofinancing Agreement"). For the avoidance of doubt, the provisions of NDF-IDB Cofinancing Agreement will apply to this Administration Agreement, except that in the event of conflict, the provisions of this Administration Agreement will prevail.
22. The Parties will seek to settle amicably any disputes that may arise from or relate to this Administration Agreement.

IN WITNESS WHEREOF, the Nordic Development Fund and the Inter-American Development Bank, 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.

[Signature page follows]

Signature Page of the Administration Agreement between the Nordic Development Fund and the Inter-American Development Bank Regarding the "Non-reimbursable Technical Cooperation to Support the Regional Geothermal Training Program"

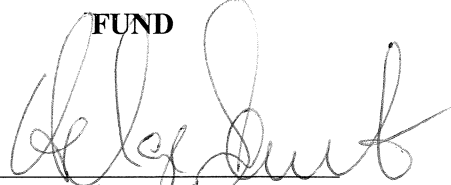
**NORDIC DEVELOPMENT
FUND**



Member Satu Santala
Chairman of the Board

Date: 12 June 2012

**NORDIC DEVELOPMENT
FUND**



Helge Semb
Managing Director

Date: 12 June 2012

**INTER-AMERICAN
DEVELOPMENT BANK**



Bernardo Guillamon
Manager
Office of Outreach and Partnerships

Date: JUNE 1, 2012