

OFFICIAL DOCUMENTS

ADMINISTRATION AGREEMENT FOR EU CONTRIBUTIONS PROVIDED TO THE EUROPE 2020 PROGRAMMATIC TRUST FUND

Administration Agreement between the European Commission on behalf of the European Union and the International Bank for Reconstruction and Development concerning the Part II Europe 2020 Programmatic Single-Donor Trust Fund (No. TF073158) (EC Contract No. ENI/2018/400-164)

This Administration Agreement is concluded under Direct Management in the context of the Framework Agreement between the World Bank Group and the European Commission dated April 15, 2016 which sets the general conditions for this Agreement (the “Framework Agreement”). The Framework Agreement shall be applicable and form an integral part of the Administration Agreement for the Trust Fund.

1. The International Bank for Reconstruction and Development (the “Bank”) acknowledges that the European Commission (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of one million and five hundred thousand Euros (**€ 1,500,000**) (the “Contribution”) for the **Part II Europe 2020 Programmatic Single-Donor Trust Fund, (No. TF073158)** (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is one million and five hundred thousand Euros (**€ 1,500,000**). The indicative budget set out in Annex 5 shall be used for monitoring purpose only and shall not be binding.

2. The Contribution shall be used to finance the activities set forth in the “**Part II Europe 2020 Programmatic Single-Donor 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 and “Governance” attached hereto as Annex 3.

Expected results of the Trust Fund and corresponding indicators (including baselines, result goals and sources of data) are set out in Annex 4.

The Implementation period shall start on the date following that on which the last of the two parties signs.

3. The Donor shall deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

- (A) Promptly following countersignature – € 300,000
- (B) € 600,000 subject to the disbursement of 70% of the preceding instalment
- (C) € 600,000 subject to the disbursement of 70% of the preceding instalment

The period for payment of further instalments shall be 60 days.
The period for payment of the balance shall be 90 days.

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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 TF No. TF073158 (*the Part II Europe 2020 Programmatic Single-Donor Trust Fund*), the Commission internal reference number and the date of the Administration Agreement, the name of the project for which the funds are intended, the name of the Commission department responsible for the 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"):

Mariam J. Sherman
Director, Strategy and Operations
Europe and Central Asia
World Bank Group
1818 H St. NW
Washington DC, 20433
Msherman@worldbank.org

For the Donor (the "Donor Contact"):

Mathieu Bousquet,
Head of Unit Georgia, Moldova & Neighbourhood Cross-Border Cooperation
European Commission, Directorate-General for Neighbourhood and Enlargement
Negotiations
Office L-15 04/058
Avenue du Bourget 1
B-1049 Brussels
Belgium
Mathieu.BOUSQUET@ec.europa.eu

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 and the Framework Agreement between the World Bank Group and the European Commission 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. In the event of any inconsistency, the Framework Agreement prevails over the Administration Agreement and the Administration Agreement prevails over its Annexes. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended only by written amendment between the Bank and the Donor.

8. The measures taken to identify the EU as a source of financing shall be in accordance with Attachment 4 of the Framework Agreement.

9. 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

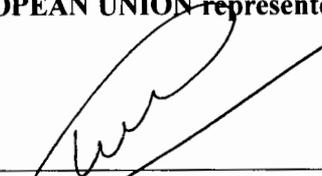
By: 

Name: Mariam J. Sherman

Title: Director, Strategy and Operations, Europe and Central Asia

Date: 13 September 2018

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: 

Name: Mathieu Bousquet

Title: Head of Unit Georgia, Moldova & Neighbourhood Cross-Border Cooperation
Directorate-General for Neighbourhood and Enlargement Negotiations
European Commission

Date: 12 Sept. 2018

PART II EUROPE 2020 PROGRAMMATIC SINGLE-DONOR 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 objectives of the Trust Fund are:

The European Commission and the Bank share a common objective of building competitive and sustainable economies and reducing poverty and social exclusion – goals of the Europe 2020 Agenda which is built on three pillars of smart, sustainable and inclusive growth. The European Commission and the Bank concur that direct interaction is beneficial to both institutions and through them to the beneficiary countries. This applies particularly to the provision of analytical, advisory and knowledge services and technical assistance.

The European Commission has expressed an interest in ensuring that the Bank continues to provide technical assistance in the framework of the Trust Fund in furtherance of the common objective set forth above.

2. Background

The financial sector in the Eastern Partnership (EaP6) countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) are mostly dominated by banks. In recent years, the sector has gone through a prolonged period of economic turbulence. Improving stability and diversification of the financial sector through the development of non-bank financial institutions and capital markets would help boost competition in the sector, improve financing opportunity for companies, promote investments and contribute to economic growth.

Non-bank financial sectors in EaP6 are either nonexistent or severely underdeveloped. The challenges faced by the EaP6 countries to diversify their financial sectors include addressing gaps in the existing regulatory and supervisory frameworks for the non-bank financial institutions and developing a new regulatory framework for the development of capital markets. There have been efforts undertaken by several EaP6 countries in pursuing legislative changes, however, the progress in achieving results has been slow.

The diversification of financial sector would benefit firms that are struggling to obtain funding. A more developed and diversified financial sector would improve access to funding and potentially offer more affordable financing options for businesses. Availability of alternative sources of funding would help promote more stable financial sector and stronger performance of the real sector.

The objective of the European Union's Structural Reform Facility is to contribute towards the development of sustainable and equitable economic growth models in the EaP6 countries, which can generate more investments and improve socio-economic conditions and employment opportunities for citizens. The Facility supports the design and implementation of structural

reforms, and this Trust Fund will contribute to this through the design and implementation of structural reforms in the financial sector.

This Trust Fund will also support the European Union's EU4Business initiative – an umbrella initiative that covers all EU activities supporting SMEs in the Eastern Partnership countries – through provision of advisory services, technical support and trainings to EaP6 countries on key financial sector reforms.

3. Activities

The specific objective of the Trust Fund is to support the EaP6 countries in identifying and implementing key financial sector reforms aimed at diversifying and deepening the financial sector.

Component 1: Financial Sector Work Stocktaking

The Bank will support the EaP6 countries carry out a stocktaking exercise on measures and reforms carried out in the financial sector, including the ongoing support from other development partners, and design a tailored approach to strengthen and help develop the financial sector in each country in a consultative manner with all relevant stakeholders and in manner to ensure that there is coordination with other European and international partners that are providing advice in this sector to EaP6 countries and participate to the governance of the Structural Reform Facility.

The Bank will carry out the following activities:

- (i) Assess the state of development of the financial sector in EaP6 countries, and in particular with regard to efforts in terms of deepening and diversification;
- (ii) Identify priority reforms, including emphasis on gender and inclusion issues, to strengthen and develop EaP6 countries' financial sectors; and
- (iii) Based on activities described in paragraphs (i) and (ii) above, propose a comprehensive list of proposed measures and policy actions for the implementation of the reforms in the form of an action plan for each EaP6 country, including their prioritization (the Action Plan). In addition, the Bank will identify areas where a regional approach could be applied.

Component 2: Support to the implementation of reforms based on the proposed Action Plan

Based on the proposed Action Plan, the Bank will support the authorities of the EaP6 countries in the implementation of selected reforms. Indicative areas of Bank support under this component include, but are not limited to: (i) diversifying funding options for firms; (ii) strengthening the supervisory and regulatory framework for non-banking financial sectors; and (iii) developing insurance sector.

The Bank shall carry out activities related to:

- (i) Providing technical assistance for drafting and/or revision of the legislative regulatory, institutional and policy framework
- (ii) Organizing regional workshops and seminars for knowledge and experience sharing in the identified technical areas and cross-cutting topics for EaP6.

Working Methodology

The Bank will consult all relevant stakeholders, including local authorities of the EaP6 countries and the European Commission, to take into consideration their feedback and recommendations in the preparation of proposed in the Action Plan.

Moreover, the Bank will carry out consultations with the EaP6 countries and the European Commission on which areas of the Action Plan could be supported by the Bank. The proposed Action Plan and the specific list of reforms that the Bank will support EaP6 countries implement will have to be formally endorsed in writing by the European Commission through an exchange of letters before the Bank can carry out the activities described in Component 2 above.

Indicative Timeline of Milestones and Outputs

Milestones	Delivered by
Delivery of the proposed Action Plan identifying priority reforms and proposing measures and policy actions for implementation	Q2 2019
Endorsement of the Action Plan and specific list of proposed reforms to be implemented by EaP6 countries with the support of the Bank	Q3 2019
Provision of technical assistance related to a selection of targeted actions based on the endorsed Action Plan by providing support to drafting and/or revision of the legislative, regulatory, institutional and policy frameworks through, among others: notes, reports, workshops, training, roundtable discussions, and dissemination events.	Throughout the implementation period of this Agreement

4. Eligible Expenditures

For Bank-executed activities, the Trust Fund funds may be used to finance:

- (a) Staff and individual consultant services;
- (b) Cost of travel;
- (c) Cost of training and workshops;
- (d) Other services including translation.

5. Taxes

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

6. Program Criteria

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

The Trust Fund is established to enable the European Commission and the Bank to continue to collaborate and exchange experience and expertise on a number of themes under all three pillars of the Europe 2020 Agenda of smart, sustainable and inclusive growth. The express purpose of this Trust Fund is to allow the European Commission to avail itself of the Bank’s technical assistance and analytical and policy capacity for the purpose of pursuing the goals of Europe 2020. The three pillars of Europe 2020 are broadly in line with the objectives and strategies adopted in the Europe and Central Asia Region of the World Bank Group. All activities that are in pursuance of these three pillars are eligible to be financed and implemented under this Trust Fund.

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.

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 Donor, 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 The Donor's Contribution 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 Donor acknowledges 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 the 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 Euro (the "Holding Currency").

2.3 The Donor agrees to deposit its Contributions in the Contribution Currency stated in the 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 their disbursement 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 investment 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 deduction from each Instalment, an amount equal to five percent (5%) per Instalment as an administrative fee for the Trust Fund.

3.2 The 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 the Donor and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from 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 Donor current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank's Trust Funds Development Partner 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 Donor via the World Bank's Trust Funds Development Partner Center secure website.

4.3 The Bank shall provide to the Donor via the World Bank's Trust Fund Development Partner 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 the 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 Donor with **semi-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 Donor a final report on the activities financed by the Trust Fund.

5.2 The 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 September 30, 2021 (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 Agreement(s) of the Donor. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to the 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 the Donor, all calculated as Holding Currency amounts.

6.2 The Donor may cancel all or part of such Donor's pro rata share/contribution, and the Bank may cancel all or any Donor's pro rata share/contribution, 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 this Trust Fund in accordance with the Bank's Policy on Access to Information. By entering into Administration Agreements, the Donor consents to such disclosure of their respective Administration Agreements and such related information.

7.2 The Donor 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.

GOVERNANCE OF THE ACTIVITIES

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.

Working Modalities

The Bank will carry out the activities described in the Annex 1 to this Agreement and will regularly consult with DG NEAR and the EU Delegations in the EaP6 countries to ensure coordination with individual country programs.

The main counterparts in EaP partner countries will be representatives from the relevant Ministries, financial sector regulators, and various agencies operating in the financial sector.

The Bank will carry out the visibility activities agreed between the Bank and the European Commission in the Visibility Note, which may be updated from time to time by the parties, in line with the Framework Agreement.

The Donor will organise and chair a Steering Committee, which will meet in principle at least once a year and will discuss progress, next steps and endorsement of the proposed Action Plans.

The Steering Committee will cover, among others, the following aspects:

- Endorse the proposed Action Plans and discuss which of the priority actions to be implemented by the EaA6 countries will be supported by the Bank under Component 2.
- Based on the progress reports provided by the Bank, review progress achieved against indicators in the Annex 4 to this Agreement and the specific objective of activities to be carried out under Annex 1 to this Agreement;

Participants to the Steering Committee are:

- Donor's representatives;
- Bank representatives;
- Any other participant/observer if considered relevant by the Donor and the Bank.

The Bank will also participate to the Structural Reform Facility Steering Committee, including the representatives from the Donor, International Monetary Fund, European Bank for Reconstruction and Development and other relevant stakeholders as part of the coordination efforts for all parties involved through the Structural Reform Facility.

Bank team composition

The Bank shall, in its sole discretion, determine the composition of the staff assigned to perform the activities under this Agreement. The Bank team will be headed by a WBG project leader, supported by the World Bank global and regional experts based in Washington and in the field.

The Bank team will include competences from the following areas:

- a. Financial Stability and Integrity
- b. Financial Inclusion, Infrastructure and Access
- c. Long-term Finance.

Additional specialists will be brought on board to assist the team on specific topics and activities.

Payment Requests

Requests for payments related to the activities set forth in Section 2.1 of Annex I to this Administration Agreement will be sent by the World Bank to the Commission with the reference EC Contract No. ENI/2018/400-164 and shall be addressed to:

*European Commission Directorate General for Neighbourhood and Enlargement Negotiations
Ms Sarah Rinaldi
Head of unit R4 "Contracts and Finance (ENI)"
Office J-54 03/229
Avenue du Bourget 1
B-1049 Brussels (Belgium)*



INDICATIVE RESULTS INDICATORS FOR THE PROPOSED ACTIVITIES

Expected Results (logic of intervention)	Indicators	Baselines	Result goals	Sources of data	Assumptions
Impact	<i>Strengthened and diversified financial sector that promotes investment and growth in the EU Eastern Partnership countries</i>				
Outcome(s)					
	Policy/Strategy informed	To be measured during Phase 1	To be decided during Steering committee	Action Plan's supporting data; Interviews with and questionnaire responses from stakeholders	Economic situation conducive to proposed activities
	Knowledge deepened	To be measured during Phase 1	To be decided during Steering committee	Action Plan's supporting data; Interviews with and questionnaire responses from stakeholders	Economic situation conducive to proposed activities
	Client capacity increased	To be measured during Phase 1	To be decided during Steering committee	Action Plan's supporting data; Interviews with and questionnaire responses from stakeholders	Economic situation conducive to proposed activities
Output(s)					
Proposed Action Plan for strengthening and development of the financial sectors in EaP countries		Limited knowledge of specific measures and policies to strengthen and diversify	Detailed roadmap for the financial sector strengthening and development of reforms and proposing measures and policy actions for	WB data and reports; Other IFI data and reports; EU and global best practices; Country data and reports	Endorsement of the proposed Action Plan by the European Commission Active

<i>Expected Results (logic of intervention)</i>	<i>Indicators</i>	<i>Baselines</i>	<i>Result goals</i>	<i>Sources of data</i>	<i>Assumptions</i>
		financial sector	implementations of those reforms		engagement of authorities and other stakeholders.
Provision of technical assistance related to a selection of targeted actions based on the endorsed Action Plan by providing support to drafting and/or revision of the legislative, regulatory, institutional and policy frameworks through, among others: notes, reports, workshops, training, roundtable discussions, and dissemination events.		To be measured during Phase I	To be decided during Steering committee	Action Plan; WB data and reports; Other IFI data and reports; EU and global best practices; Country data and reports	Endorsement of the European Commission on the list of specific reforms to be supported by the Bank Active engagement of authorities and other stakeholders.

8/20/1

**INDICATIVE BUDGET FOR THE ACTIVITIES SET FORTH IN SECTION 2 OF
ANNEX 1 TO THIS ADMINISTRATION AGREEMENT**

Expenditure Category	Amount in Euro
Staff and individual consultant services	1,050,000
Cost of travel	200,000
Cost of training and workshops	150,000
Other services including translation	25,000
Sub-total	1,425,000
Administration fee (5%)	75,000
Total	1,500,000

The amount estimated for personnel is calculated considering different levels of expertise estimated to be required for carrying out the activities described in Annex 1.

The World Bank Group entity may transfer amounts between categories of the indicative budget. This does not require an amendment of the Administration Agreement if the Action is carried out as described in Annex I – Trust Fund Description.