To the Administration Agreement between the European Commission and the
International Bank for Reconstruction and Development concerning the Part H Europe 2020
Programmatic Single-Donor Trust Fund
Trust Fund (NO.TF072372)
(EC Contract No 30-CE-0749429/00-44)

The present Amendment to the Administrative Agreement (EC Contract No 30-CE-0749429/00-44) is established between:

The European Union (hereinafter referred to as "the Union"), represented by the European Commission (hereinafter referred to as "the Commission"), represented for the purposes of signature of this amendment by Mary McCarthy, Director of the Structural Reform Support Service (SRSS) on the one part, and

the International Bank for Reconstruction and Development (hereinafter referred to as "the Bank"), represented for the purpose of signing this amendment by the Regional Director, European Union, Mr. Arup Banerji.

Having regard to Administrative Agreement (EC Contract No 30-CE-0749429/00-44) concluded between DG EMPL and the Bank on December 4, 2015,

Whereas SRSS has been appointed authorizing officer by sub delegation (AOD) as from January 1, 2016, responsible for the above Administrative Agreement,

Whereas the International Bank for Reconstruction and Development has informed SRSS of its intention to modify the above Administrative Agreement; the European Commission and the Bank

HAVE AGREED AS FOLLOWS:

Article 1:

Article 5 of the Administrative Agreement is replaced as follows:

Except with respect to the Deposit Instructions, any notice, 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"):

Arup Banerji  
Regional Director of Operations  
European Union  
World Bank  
Avenue Marnix 17, 1000 Bruxelles, Belgium  
Tel: + 32-2-504-0994  
abanerji@worldbank.org

For the Donor (the "Donor Contact"):

European Commission  
Structural Reform Support Service  
Mary McCarthy  
CHAR 10/104  
B-1049 Brussels  
E-mail: Mary.Mccarthy@ec.europa.eu

Article 2:

Annex 1 to the Administration Agreement is replaced by a new Annex 1 in attachment 1 of this Amendment.

Article 3:

The end disbursement date in Section 6.1 of the Annex 2 to the Administration Agreement is modified from April 30, 2017 to August 31, 2017.

Article 4:

Annex 5 to the Administration Agreement is replaced by a new Annex 5 in attachment 2 of this Amendment.

Article 5:

All other provisions of the Administrative Agreement shall remain unchanged and shall continue to apply for the duration of the Administrative Arrangement.

Article 6:

The present Amendment shall form an integral part of the Administrative Agreement and shall become effective as of the date of the last signature.
SIGNATURES

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Name: Arup Banerji
Title: Regional Director of Operations
Date: 03/02/17

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By

Name: Mary McCarthy
Title: Director
Date: 13. 02. 2017
Part II Europe 2020 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. Activities

The objectives and description of the activities are:

2.1 The European Commission, particularly the Structural Reform Support Services (SRSS), has expressed an interest in ensuring that the Bank provides technical assistance with the specific objective of assisting and supporting the Government of Greece undertake a Social Welfare Review (SWR) to increase the effectiveness and efficiency of the social protection system in Greece. The ultimate objective of the Government of Greece being to undertake reforms that create a more comprehensive welfare system, with a guaranteed minimum income (GMI) scheme at its centre to improve social cohesion in Greece.

The SWR would contribute to the ongoing reform of the social assistance system in Greece to assist the Greek Government make the system more streamlined, and more effective in alleviating poverty. In this context, the Greek Government has agreed in the third Memorandum of Understanding with the European Commission that the Review will be targeted to generate savings of 1/2 percent of GDP annually from cash and in-kind benefits, tax benefits, the social security benefits and other welfare benefits across the general government which will serve as the basis for the redesign of a targeted welfare system, including the fiscally-neutral gradual national roll-out of the GMI. The SWR will build on the recent study developed by the Ministry of Labour, Social Security and Social Solidarity of Greece that lists the various non-contributory cash and in-kind transfer programs that exist in Greece; and the review of social welfare programmes by the OECD. The Social Welfare Review will also provide initial implementation support to the Roll-Out of the Guaranteed Minimum Income (GMI) Program.

The SWR will examine in depth the effectiveness of the existing system of social assistance in alleviating poverty; identify segments of the population that are insufficiently covered by it; identify areas where resources may be more effectively used, e.g. because of possible duplications and overlaps; and finally suggest appropriate remedies. In addition, the SWR will set up a detailed template, and serve as a prototype, of the information needed by the Government to improve the effectiveness of the social assistance system. It will support developing the capacity in the public administration in Greece so that such social welfare reviews can be conducted at regular time intervals in the future.

As part of the study, a comprehensive review will be undertaken of cash and in-kind social welfare (i.e. non-contributory) benefits and benefits provided through the tax system. The review will exclude retirement pensions. Specifically, the analysis in the SWR will focus on all non-contributory benefits that are financed from general government budget. Since some cash contributory benefits receive large transfers from the state budget in Greece, these will also be included in the study, though they are not the main focus. Specifically, the distributional impacts of unemployment insurance benefits; and of contributory disability pensions will be studied. The policy recommendations will retain a special focus on the non-contributory benefits as the prospective rationalization of benefits will focus mainly on such programs.

The rationale for this focus is as follows:

a) It would be appropriate for the social welfare system in Greece to increase coverage of the poorest people in Greece. It is also desirable to reduce any potential inefficiencies as fiscal savings achieved thereby can be directed towards the roll out of the poverty targeted guaranteed minimum income program. Contributory programs receive large transfers from the state budget in Greece. Therefore, studying inefficiencies in contributory programs could provide much needed fiscal room for expanding safety nets coverage to the poorest.

b) The design of unemployment benefits (both contributory and non-contributory) is very important. Contributory unemployment benefits serve as the first layer of the safety net for individuals who lose their jobs, thus mitigating adverse effects for their families. The next layer of protection is made up of unemployment assistance benefits; with the last resort social assistance program playing the role of the last layer in the safety net. For this reason, the Social Welfare Review will look into both contributory and non-contributory unemployment benefits.

c) Disability benefits (both contributory and non-contributory) are fairly complex in Greece. There are at least 35 categories of disability benefits, and most insurance funds provide both contributory and non-contributory disability benefits. There are 10 different social assistance schemes for blind persons; and 4 different schemes for the deaf and mute (OECD 2013a). The SWR will study both contributory and non-contributory disability benefits, but from the point of view of their distributional impacts. Benchmarking and cross-country comparisons of the level of benefits across other EU countries, mainly using ESSPROS data (where it is available), will be undertaken. The SWR will deliver a review of disability benefits and an action plan, including a proposal for a pilot implementation of ICF assessment. Developing a full reform strategy of the disability benefit system (both contributory and non-contributory) is outside the scope of this SWR.

d) Contributory retirement pension benefits are excluded from the scope of this SWR.
e) Personal tax benefits are included in the scope of the SWR.

f) At the specific request of the Government of Greece, the scope of the *Social Welfare Review* will include study of in-kind benefits. This review will focus on in-kind benefits financed through the general budget. It could be difficult to distinguish (initially at least) what is financed from general budget and from social security funds. An initial inventory will seek to develop a comprehensive stocktaking of all in-kind benefits, to the extent that data permit, and the source of financing. Subsequently the study will focus more deeply on those financed through general revenues.

The Bank activities under this Agreement will include evaluation of the effectiveness and efficiency of the social welfare system as follows:

**Effectiveness of benefits will be evaluated in terms of:**

1. **Coverage of the poor by cash benefits:** The review will examine in detail the coverage of the poor by various main existing cash benefit programs, and anti-poverty effectiveness of the programs. This can be conducted using survey data. Administrative data, or the criteria of the programs, will be used to qualitatively classify the target population for in-kind benefits, where data are available.

2. **Adequacy of cash benefits:** This review will record the adequacy (or generosity) of the various main existing cash benefit programs. Adequacy will be measured in two ways: (a) the proportion of disposable incomes of the poor made up by the transfer; and (b) benchmarking the transfer amount against objective criteria such as the poverty line, minimum wage, average wage, and so on. Where administrative data are available, and imputing is possible, benchmarking of the imputed benefit amount will be done for in-kind benefits.

3. **Duplication and / or fragmentation of benefits:** Are there many benefits with nearly identical objectives? Do gaps exist due to fragmentation of benefits? What are the inter-linkages between various benefits?

**Efficiency will be evaluated in terms of:**

4. **Targeting efficiency:** What proportion of the budget spent on a particular program reaches the poor? How much leakage exists? What are the inclusion and exclusion errors? Once again, this can be more easily done for cash transfers where the value of the transfer is more easily recovered in household survey data. Qualitative data, and administrative data and rules will be used to identify if in-kind benefits accrue to the poor, where data are available.

5. **Administrative efficiency:** Institutional mapping of key players (Ministries that hold the budget, delivery channels, payment channels, and information systems) involved in the provision of social welfare programs.
Indicative description of outputs

The following outputs will be delivered by the Bank as part of the SWR:

Component A: Comprehensive inventory of social welfare and tax benefits along with institutional mapping of the social welfare system.

The Bank will prepare an inventory of all social welfare and tax benefits and an institutional mapping of the social welfare system through the delivery of following activities:

A.1: Inventory of benefits: The Bank will prepare a comprehensive inventory of all cash and in-kind social welfare benefits that are financed through general revenue, and of tax benefits. This inventory will include amounts spent, number of beneficiaries, intended target population, eligibility criteria, where administrative data are made available.

A.2: Institutional Mapping: The Bank will prepare a report providing an institutional mapping of the social welfare system, including examination of (1) delivery channels; (2) payment channels; and (3) management information systems.

Component B: Coverage, adequacy, and anti-poverty effectiveness

The Bank will carry out an assessment of the coverage of the poor by various main benefits, the generosity/adequacy of various main benefits, and the anti-poverty effectiveness of these programs. This will also include an assessment of the extent of duplication / fragmentation of benefits. The Bank will deliver the following activities:

B.1: Coverage and adequacy of benefits: The Bank will prepare a report using household survey data from 2008/2009 and 2012 (or latest available year) to generate estimates of how many poor people are covered by various benefit programs. The impact on the poverty headcount and poverty gap of such programs will also be generated. The adequacy of benefits will be measured, both as a proportion of disposable income, as well as using other objective criteria such as minimum wage and so on. Micro simulation methods will be used to estimate the effect of the more recent changes in the social protection system (changes implemented in 2013 / 2014 / 2015). This analysis will be done for cash benefits listed in the household surveys. Where data are available, administrative data, or program criteria will be used to analyse in-kind benefits.

B.2: Gaps in the social protection coverage: The Bank will prepare a report on the characteristics of the poor who receive no support from the social protection system. The main demographic characteristics and income components of this population group will be examined using household survey data.

B.3: Duplication/Fragmentation of benefits: The Bank will prepare estimates on the number of individuals / families who receive more than one type of benefit; and, to the extent possible, why more than one type of benefit is received. Household survey data will be used for this analysis. In addition, the use of administrative data sources to attain further insights into duplication will be examined.

Component C: The Bank will carry out an analysis of benefits provided through the tax system and the associated fiscal cost. A Report reviewing the assessment for eligibility to receive disability

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2 Separate deliverables within each component may potentially be combined if appropriate

3 EU-SILC or Household Budget Survey will be chosen as the main data source as appropriate.
benefits will be developed, including a pilot plan to move towards a more functional assessment of disability in the future. The Bank will deliver the following activities:

C.1: Study of Tax Benefits: The Bank will prepare a report assessing fiscal costs and distributional impacts of the tax benefits as identified in the inventory in output A.1.

C.2: Review of Disability Benefits Assessment: The Bank will prepare a report on the review of disability benefits, and, in particular, on the current method of assessment for eligibility to receive disability benefits. The report will include an action plan and a proposal for a pilot implementation of ICF assessment, with the view to move towards a more functional assessment of disability to determine eligibility for benefits in the future.

Component D: Policy Proposals.

The Bank will prepare comprehensive evidence based policy proposals for rationalization of the Social Welfare System through the delivery of following activities:

D.1: Proposals for consolidation of benefits: The Bank will prepare a report that develops policy proposals for potential consolidation of benefit programs (including cash, in-kind and tax benefits) to reduce fragmentation, including simulation of the fiscal and redistributive impacts of proposed changes, where data are available.

D.2: Proposals for achieving administrative efficiency: The Bank will prepare a report developing policy proposals for achieving administrative efficiency by potential consolidation of institutional structures.

D.3: Preliminary policy recommendations (first report): The Bank will prepare an initial report with initial recommendations for policy reforms by December 2015. This report will contain a synthesis of the work done up to that date, including any indicative fiscal savings.

D.4: Preliminary policy recommendations (second report): The Bank will prepare a second report with preliminary recommendations for policy reforms by March 2016. This report will contain a synthesis of the work done up to that date, including any indicative fiscal savings.

D.5: Comprehensive policy recommendations and action plan for reform: The Bank will prepare a final report which will pull together the findings across various outputs, and will present overall proposals for rationalization; estimates of total fiscal cost savings that may be obtained through administrative reforms and through consolidation of benefits; and an action plan for the implementation of the SWR recommendations.

Component E: Initial support to GMI Program Roll-Out.
Based on the experience of the GMI pilot implementation, the Bank will support the Greek Government in the early phase of design of the GMI Program roll-Out. Specifically, activities will include:

E.1: Support the Greek government in developing the GMI Program roll-out action plan.

E.2: Support the Greek government in developing an error, fraud and control strategy overview for the GMI Program.

E.3: Support the Greek government in developing a strategy overview for inclusion of vulnerable groups as part of the GMI Program.
E.4 Support the early phases of the design of the national GMI program including the definition of key parameters and business processes. This would include supporting study tours for relevant Greek government officials to visit other GMI programs.

E.5 Support the initial phases of the development of the IT platform for national roll-out of the GMI program.

Indicative Outputs and Timeline

<table>
<thead>
<tr>
<th>Social Welfare Review</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1: Inventory of Benefits</td>
<td></td>
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<td>✓</td>
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<td>A.2: Institutional Mapping</td>
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<td>B.1: Coverage and Adequacy of Benefits</td>
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<td>✓</td>
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<td>B.2: Gaps in Social Protection Coverage</td>
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<td>B.3: Duplication/Fragmentation of Benefits</td>
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<td>✓</td>
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<tr>
<td>C.1: Study of Tax Benefits</td>
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<td>C.2: Review of disability benefits, including a proposal for a pilot implementation of ICF assessment</td>
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<td>D.1: Proposals for consolidation of benefits</td>
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<td>D.2: Proposals for achieving administrative efficiency</td>
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<td>✔</td>
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<td>D.3: Preliminary policy recommendations (first report)</td>
<td>✓</td>
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<tr>
<td>D.4: Preliminary policy recommendations (second report)</td>
<td></td>
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<td>✓</td>
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<tr>
<td>D.5: Comprehensive policy recommendations and action plan for reform</td>
<td>✓</td>
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<td>✓</td>
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<tr>
<td>E.1: Preliminary recommendations on proposal for the GMI Roll-Out action plan</td>
<td></td>
<td>✓</td>
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<tr>
<td>E.2: Preliminary recommendations on error, fraud and control strategy overview</td>
<td></td>
<td>✓</td>
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<tr>
<td>E.3: Preliminary recommendations on strategy overview for inclusion of vulnerable groups</td>
<td></td>
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<td>✓</td>
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<tr>
<td>E.4: Preliminary recommendations on critical design parameters and implementation arrangements of the national GMI program</td>
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<tr>
<td>E.5: Preliminary recommendations on the development of the IT platform for national roll-out</td>
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</tbody>
</table>

Data Requirements:

In order to conduct the SWR, the Bank will require timely access to various data sources.

a) Non-homogenized survey data from the Greek national statistics office, ELSTAT
b) Access to Eurostat’s homogenized EU-SILC data for 2013
c) Access to line item expenditure data at the most disaggregated level from the State, the Social Security Funds, the Local Governments, and Extra-Budgetary Funds.
d) Access to detailed administrative data (including number of beneficiaries, average level of benefit, total expenditure on the benefit and so on) on social welfare programs from various line Ministries, local governments, and other state bodies that manage social welfare programs.
e) Access to the tax code for (a) Income taxation; (b) Capital taxation (c) Vehicle registration; and (d) Enfia (property) taxation for tax benefits analysis.
f) If need for additional data are identified during the course of the Social Welfare Review, appropriate requests will be sent to the point persons.

In addition, to develop the institutional assessment, the Bank will need access to data from the various entities that deliver and pay benefits, and manage the various information systems.

3. Eligible Expenditures
3.1 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 workshop; and
(d) Other services including translation.

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

5. Program Criteria
5.1 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.

6. Retroactive Financing
6.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of October 13, 2015 in accordance with the Bank’s applicable policies and procedures.
## ANNEX INDICATIVE BUDGET

FOR THE ACTIVITIES SET FORTH IN SECTION 2.1 OF ANNEX 1 TO THIS ADMINISTRATION AGREEMENT

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Average Number</th>
<th>Amount in Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff and individual consultant services</td>
<td>4</td>
<td>580,000</td>
</tr>
<tr>
<td>Cost of travel</td>
<td>12</td>
<td>80,000</td>
</tr>
<tr>
<td>Cost of training and workshop</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other services including translation</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>665,000</strong></td>
</tr>
<tr>
<td>Administration fee (5%)</td>
<td></td>
<td>35,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>700,000</strong></td>
</tr>
</tbody>
</table>

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

The Bank 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 1 – Trust Fund description.

The number of units and amounts indicated in the budget are not binding and reflect the means envisaged for the implementation of the Action. The number of units indicated in the estimated initial budget may not be used to question the actual number of units reported during and at the end of action.
SIGNATURES

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Name: Arup Banerji
Title: Regional Director of Operations
Date: 09/02/17

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By

Name: Mary McCarthy
Title: Director
Date: 13.02.2017
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