
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 (the Framework Agreement), which sets the general conditions for this 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 three hundred thousand euros (€300,000) (the “Contribution”) for the Part II Europe 2020 Programmatic Single-Donor Trust Fund, No. TF073156 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is three hundred thousand euros (€300,000). The indicative budget set out in Annex 5 shall be used for monitoring purposes 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 "Instalment") upon submission of a payment request by the Bank:

   (A) €150,000 promptly following countersignature.
   (B) €150,000 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 60 days.
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 TF073156 (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”):

Arup Banerji  
Regional Director  
Europe and Central Asia Region  
World Bank Group  
Tel: + 32-2-504-0994  
Abanerji@worldbank.org

For the Donor (the “Donor Contact”):

Mary McCarthy,  
Director,  
Structural Reform Support Service,  
CHAR 10/104, 1049 Brussels  
Tel: +32 229-93493  
Mary.Mccarthy@ec.europa.eu

6. In the event that 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: [Signature]
Name: Arup Banerji
Title: Regional Director, European Union
Date: Sept. 24, 2018

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: [Signature]
Name: Mary McCarthy
Title: Director, SRSS
Date: 28-09-2018
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 Czech Ministry of Industry and Trade (MIT) is leading efforts to develop a new small and medium enterprise (SME) support strategy (SME Support Strategy) and implementation plan for the period 2021 – 2027 (Implementation Plan) based on a strong and independent analytical framework, founded on an analytical component. With funding from the European Commission, the Bank, is already supporting the Ministry of Finance (MoF) in two activities related to the development of the capital markets and the business angel and risk investment environment. These activities address one of the main aspects of the development of a conducive environment for enterprise growth and development, mainly the access to finance aspect. In the same vein, the activities carried out by the Bank under this Agreement are meant to constitute a progression of the two finance-related activities to further address comprehensively the potentials and impediments that local SMEs face. This activity will address key aspects such as the business environment, access to markets, skills and training, innovation, entrepreneurial culture, access to technology and related digital infrastructure, and access to finance.

The specific objective of this Trust Fund is to assist the MIT in its efforts to develop the National SME Support Strategy 2021+ and the associated Implementation Plan and create enabling conditions for improving local SMEs' productivity, competitiveness, and innovative performance, as part of a national strategy to strengthen local enterprises to compete, create jobs, and stimulate economic growth.

---

1 The capital markets assessment and development report was delivered to the MoF in July 2017 under the Europe 2020 Programmatic Trust Fund TF072830. The business angels' ecosystem analysis is ongoing under the same Europe 2020 Programmatic Trust Fund TF0A7150.

3. Activities

The activities carried out by the Bank's to support to the MIT will be delivered in two phases and entail the following activities i) analytical support focused on assessment of the enabling environment as well as firm-level performance and dynamics with purpose of improving the business environment and identifying firm entry/exit and productivity growth impediments; ii) technical support in the development of a national SME support strategy and implementation plan aimed at addressing market and institutional failures uncovered in the first phase The Bank will collect information through desk and background researches, existing and public data, benchmarking and qualitative interviews with the relevant public and private stakeholders. Some of the key stakeholders to be consulted and interviewed include Czech entrepreneurs and firms (of all sizes), universities, technology transfer offices, intermediaries and entrepreneurship support organizations (accelerators, incubators, etc.); relevant Ministries and public agencies; representatives of the Banking sector, regular investors, business angels and venture capitalists active in the Czech Republic; as well as networks, business associations and organizations.

Research methods for the analytical support phase will include:

- **Desk research and literature review:** review of strategic public documents, action plans, policies, laws, the country’s economic agenda, the existing policy mix, good practices at subnational, national and European levels. Further, literature reviews on CZ firm-level SME studies will be conducted as part of this analytical work and the report will incorporate findings from prior studies.

- **Available datasets:** on economic performance (productivity, economic complexity, export diversification); firm level investment and capabilities (national statistical surveys, OECD innovation and innovation policy indicators, World Management Survey); local framework conditions (Central Bank, public support agencies and line ministries, Global Entrepreneurship Monitor Consortium).

- **Field research and primary data:** interviews with key innovation ecosystem public and private stakeholders with focus on local SMEs (start-ups, established businesses) and contacts with experts of other EU member states, experts from international and European organizations.

**Component 1: Phase I - Analytical Support:**

The Bank will carry out an analysis on the conditions of the local framework and firm-level parameters including: the firm level investments and internal capabilities, prevalence of innovation among firms through the introduction of new products/services and metrics related to the enabling environment of the firms. These metrics include, but are not limited to, business related legislations, taxes, public procurement provisions, access to market, access to technology and related digital infrastructure, skills and training, innovation, entrepreneurial culture, sustainable development and access to finance including risk financing.

The Bank will carry out the following activities:

---

3 Strategic documents and policies include, but are not limited to, the following: RIS3 strategy (sub-national level); SME Strategy 2014+, National Reform Program, Export Strategy, RIS3, National Innovation Strategy, Regional Development Strategy (national level); OECD (Financial Scoreboard, Benchmarking SME policies), EU (SBA, European SME Action Program) (transnational level).
a. **Methodology and analytical framework:** The Bank will support MIT define the methodology and the analytical framework for the enabling environment and firm-level diagnosis. To this effect, the Bank will select the framework and the methodology through the latest literature and experience in conducting enabling environment and firm-level analysis and the preference of the government counterpart. The final results of the firm-level analysis (productivity, innovation, managerial capabilities) will be defined by the availability and accessibility of firm level data. Primary datasets that the Bank will use include the Structural Business Survey, Industrial Census, and Community Innovation Survey (Eurostat). Data will be disaggregated by sector, ownership, export status, location where possible. Depending on the data availability, the Bank will also conduct an analysis on firm productivity as well as an assessment regarding research and innovation. The scope of the analysis on the productivity of the firms in the Czech Republic is meant to help understand the productivity trends over the years (labor productivity or TFP), to identify sources of heterogeneity in productivity performance amongst the firms and to explore possible links between productivity growth and firm dynamics.

b. **Benchmarking and observed performance:** The Bank will support MIT’s aim to take stock of the observed performance of the relevant firms and SMEs in Czech Republic, specifically in relation to their investments and capabilities, as well as the conditions they operate within. This activity will entail benchmarking the country, vis-a-vis its structural and regional peers on a set of indicators covering both firm level indicators and framework conditions. This activity will leverage existing data sources (national/European statistical data) as well as primary data from qualitative interviews with key stakeholders.

c. **Review of the policy mix:** The Bank will support MIT identify the existing portfolio offering of policies and programs targeting enterprises across the lifecycle from inception to exits with the purpose of assessing the cohesion and complementarity of the policy mix. The Bank, through its review, will produce an inventory of instruments and programs which will contain descriptive parameters such as the stated objective, institutional/departmental affiliation, time span of operations, resources allocation, target beneficiary, mechanism for support, etc. The findings from the policy mix review will also feed into the analysis (and policy recommendations to be provided under this Agreement).

d. **Identification of potentials and impediments to SMEs productivity growth and capabilities upgrading:** The Bank will help MIT identify growth opportunities and framework weaknesses related to policy-induced distortions that prevent low productivity firms from exiting the market or to increase their productivity in order to prioritize the gaps to be addressed through stakeholder and counterpart consultations.

ea. **Policy recommendations:** depending on the key constraints identified by the Bank under this Component, the Bank will propose policy recommendations that could address impediments and upgrade SMEs’ capabilities as well as areas of untapped potential for SME growth in the context of local and global trends. The recommendations will contain practical policy relevance for the period 2021 – 2027 and will include provisions related to access to finance, supplier linkages programs, and technology diffusion/adoption programs. This activity will build on the lessons learnt from previous strategies and plans and will take into consideration existing programs of the European Commission promoting SMEs growth and upgrade in.

**Outputs from Phase I:**

NM
The Bank will produce a report including findings based on the analytical assessments carried out and policy recommendations. In addition to the report, the Bank will deliver a summary of the findings and the proposed policies and programs in a presentation to the MIT and other relevant stakeholders.

The outputs of Phase I will feed into the draft Strategy formulation process to be led by the MIT in consultation with national stakeholders and with technical inputs from the Bank.

**Component 2: Phase II - Strategy and Implementation Plan development support**

The Bank will carry out two related activities which will also be intertwined with the preparation by MIT of two related strategic documents: the Regional Development Strategy and the National Strategy for Implementation of the Cohesion Policy after 2020.

a. **Strategy development support**: The Bank will provide technical inputs, comments, and peer review of the draft SME Support Strategy 2021+ to be developed by MIT. The Bank will carry out two rounds of comments focusing on the stated objectives, priorities, and support programs of the proposed strategy. The Bank will carry out this activity based on the findings and policy recommendations proposed during Phase I. The Bank will also support MIT in engaging the private sector and carrying out consultations during the preparation phase of the draft strategy.

b. **Implementation Plan development support**: The Bank will review the draft implementation plan and support MIT in the preparation of a monitoring and evaluation (M&E) framework, milestones for implementation, and associated budgets. The M&E framework will include a yearly progress report that takes stock of improvements to the business environment.

**Outputs from Phase II:**
The Bank will provide inputs, comments, and reviews of the SME Support Strategy 2021+ and Implementation Plan to be developed by MIT in 2018/2020. The inputs, comments and review recommendations will be submitted in a structured manner in the form of technical reports to the MIT.

**Indicative Timeline of Milestones and Deliverables**

<table>
<thead>
<tr>
<th>Component 1 - Phase I</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desk and background research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analytical Framework and Methodology development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benchmarking and Long-listing of stakeholders</td>
<td>Sept.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualitative interviews and data collection</td>
<td></td>
<td>Dec.</td>
<td></td>
</tr>
<tr>
<td>Review of the policy mix</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analysis and preliminary findings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Validation and additional data collection</td>
<td></td>
<td>May</td>
<td></td>
</tr>
<tr>
<td>Analysis and recommendations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional qualitative interviews, data collection, validation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deliver first draft of report*</td>
<td></td>
<td></td>
<td>May</td>
</tr>
<tr>
<td>Solicit feedback/comments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incorporate comments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicative Outputs and Milestones</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td></td>
<td>Q3/4</td>
<td>Q1/2</td>
<td>Q3/4</td>
</tr>
<tr>
<td><strong>Deliver final phase I report</strong></td>
<td>Sept.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component 2: Phase II</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participate in private sector consultation for the Strategy development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deliver first set of comments on the draft Strategy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deliver second set of comments on the draft Strategy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finalize and launch the Strategy</td>
<td>Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deliver first technical report containing set of comments on the Implementation Plan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deliver second technical report containing set of comments on the draft Implementation Plan</strong></td>
<td></td>
<td></td>
<td>July</td>
</tr>
<tr>
<td>Finalize and launch the Implementation Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Deliverables

** Comments could be delivered earlier if drafts by MIT are ready for review

To facilitate scheduling of the activities and the monitoring of their implementation, formal kick-off and closure meetings will be organised with participation of representatives of the MTI, SRSS and the Bank. Furthermore, periodic Steering Committee meetings will be organised on the premises of the MIT.

4. **Eligible Expenditures**

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

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

5. **Taxes**

5.1 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**

6.1 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.
ANNEX 2

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

NM
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 quarterly 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 December 31, 2020 (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.
ANNEX 3

GOVERNANCE FOR THE ACTIVITIES SET FORTH IN SECTION 2 OF ANNEX 1 TO THIS ADMINISTRATION AGREEMENT

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the Donor.

Working Modalities

The Bank shall be in charge of the implementation of the activities and shall consult with the Structural Reform Support Service (SRSS) regularly.

The SRSS shall take all appropriate measures to facilitate the Bank work in the performance of the activities, including, as needed, facilitating contacts with Czech authorities.

The activities shall be undertaken in close collaboration with the SRSS and the MIT of the CR.

In order to facilitate the implementation of the project, the SRSS shall be responsible for involving other EU Commission services, where appropriate. The SRSS shall also provide support to ensuring the appropriate involvement of the Czech authorities for the smooth execution of the activities by the Bank. The SRSS, when legally possible, shall provide the Bank with relevant documents, reports and findings, resulting from other technical assistance work streams the SRSS is or has been involved in.

The Bank and SRSS shall have regular exchanges on the progress of the project, at least on the quarterly basis, on the work plan or schedule of project activities for the following month(s) including missions. A Representative of the SRSS shall be invited to attend all missions and all pertinent events or activities. To facilitate the organization and efficiency of such missions, events and activities, the Bank shall share with the SRSS in a timely manner the relevant documents.

Priorities and choices to be made in the planning of the activities shall be discussed and consulted between the Bank and the SRSS.

It is expected that the Department of SMEs Support of the CR MIT shall be the national contact point for the activities, and shall coordinate the necessary mechanisms within the MIT, the SMEs sector, and other national stakeholders. To this end, the MIT will establish a Project Management Team, composed of relevant MIT staff.

It is expected that the Bank shall consult and cooperate with the Project Management Team at all major stages of the activities to be implemented. It is expected that the MIT shall provide input for the analysis of the Bank, comment on the work plan of the project, review draft outputs and provide detailed comments.

It is expected that the material output produced under the activity shall be delivered by the Bank to the MIT and the SRSS directly. The Bank shall share with the SRSS draft outputs. The SRSS may provide comments that the Bank may take into account. The Bank shall inform the SRSS of those cases where the SRSS feedback was not taking into consideration. The MIT will be solely responsible for the implementation of the recommendations in the report. It is expected that MIT, SRSS and Bank will consult each other prior to the publication of the final report endorsed by the MIT.

The Bank shall notify the SRSS without delay on any circumstances likely to adversely affect the implementation and management of the activities or to significantly delay or jeopardize the performance of the activities or the expected outputs and outcomes.

NM
The Bank shall carry out the visibility activities agreed between the Bank and the SRSS in the Visibility Note, as may be updated from time to time by the parties, in line with Article 9 and Attachment 4 of the Framework Agreement.

**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 managed by a Bank Task Team Leader with relevant experience, drawing on the expertise of the Bank staff with extensive experience in SME development and enterprise innovation policy in EU Member States and other jurisdictions. The Bank team will include local consultants (in the CR) and regionally located staff to ensure seamless and timely communication with the counterpart. The Bank team will include the following competencies:

- In-depth knowledge of Europe's SME and enterprise policy and the EU regulatory framework for SME development services.

- Ability to assess the status of enterprises, especially SMEs, and propose recommendations for further development in the EU context.

- Project management, economics, and other skills that will be considered necessary for the execution of the activities.
## INDICATIVE RESULTS INDICATORS FOR THE ANNEX 1 ACTIVITIES

<table>
<thead>
<tr>
<th>Expected Results (logic of intervention)</th>
<th>Indicators</th>
<th>Baseline</th>
<th>Result goals</th>
<th>Sources of Data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact</strong></td>
<td>Improved enabling environment for SMEs and enterprises in the Czech Republic supported by a new CR SME Strategy and Implementation Plan 2021-2027</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Outcome(s) | Identification of obstacles and challenges for further development of Czech SMEs | Assessment of the current state of SMEs and support activities and identification of obstacles and challenges for the development of a new strategy/action plan. | MIT does not currently have an independent assessment of SMEs and policy mix. | Assessment is completed and delivered. | MIT, other relevant ministries, related EU regulations. | Active engagement of MIT in providing information and feedback. |
| Identification of appropriate recommendations for the short, medium and long term for further development of Czech SMEs | Based on the outcome outlined above, elaboration of recommendations for further development of SMEs. | SME Strategy and Implementation Plan 2014-2020 | Recommend ations for the short, medium and long term are completed and delivered | MIT, other relevant ministries, related EU regulations | Active engagement of MIT in providing information and feedback |

<p>| Output(s) | First draft of the SME report and recommendations for further development. | Draft report on the status of SMEs, identification of obstacles/challenges and proposed recommendations for its further development is prepared. | MIT does not currently have an independent diagnostic report. | Draft diagnostic report, including proposed recommendations, is delivered to MIT. | MIT, other relevant ministries, related EU regulations | Active engagement of MIT and other stakeholders in providing information required for preparing the report. |
| Final draft of the SME | Final report on the status of SMEs, | MIT does not currently | Final diagnostic | MIT, other relevant | Active engagement | |</p>
<table>
<thead>
<tr>
<th>Expected Results (logic of intervention)</th>
<th>Indicators</th>
<th>Baseline</th>
<th>Result goals</th>
<th>Sources of Data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>report in the Czech Republic and recommendations for further development</td>
<td>identification of obstacles/challenges and final recommendations for its further development is prepared, incorporating comments and feedback from MIT and other stakeholders.</td>
<td>have an independent diagnostic report.</td>
<td>report, including final recommendations, is delivered to MIT.</td>
<td>ministries, related EU regulations</td>
<td>of MIT and other stakeholders in providing information required for preparing the report.</td>
</tr>
<tr>
<td>Final inputs and comments provided into the CR SME Strategy and Implementation Plan 2021-2027</td>
<td>Final CR SME strategy and implementation plan 2021-2027 developed and adopted</td>
<td>MIT does not currently have the strategy developed</td>
<td>Final comments on the strategy and implementation plan delivered</td>
<td>MIT, other relevant ministries, related EU regulations and WB experts’ input</td>
<td>Active engagement of MIT and other stakeholders in providing information required for preparing the Strategy and implementation plan.</td>
</tr>
</tbody>
</table>
ANNEX 5

INDICATIVE BUDGET

FOR THE ANNEX 1 ACTIVITIES

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Average Number</th>
<th>Amount in Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff and consultant services</td>
<td>8</td>
<td>225,000</td>
</tr>
<tr>
<td>Cost of travel</td>
<td>8 missions</td>
<td>50,000</td>
</tr>
<tr>
<td>Other services including translation</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Workshops and training</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>285,000</strong></td>
</tr>
<tr>
<td>Administration fee (5%)</td>
<td></td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>300,000</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 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.

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.