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.TF073037) (EC Contract No SRSS/S2018/001)

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 five hundred fifty thousand Euro (€550,000) (the “Contribution”) for the Part II Europe 2020 Programmatic Single-Donor Trust Fund (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is five hundred fifty thousand Euro (€550,000). 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 – €275,000
(B) €275,000 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 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.

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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, European Union
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: +32-2 299-3493
mary.mccarthy@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: [Signature]

Name: Arup Banerji
Title: Regional Director, European Union
Date: March 13, 2018

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: [Signature]

Name: Mary McCarthy
Title: Director
Date: 16 March 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.

**The sub-objectives and description of the activities are:**

Treasury management modernisation in Portugal takes place as part of the broad Public Financial Management (PFM) reform agenda that the authorities are carrying out since the adoption of the 2015 budget framework law known as *Lei de Enquadramento Orçamental* (LEO), hereinafter “Law”). The Law incorporates the provisions of the Treaty on Stability, Coordination and Governance in Economic Monetary Union (EMU), and also includes PFM improvements such as a multi-year expenditure framework (MTEF), program-budgeting, a consolidated International Public Sector Accounting Standards (IPSAS)-based accounting framework for the public entities, and a modernized treasury management.

Portugal has requested support from the European Commission (Structural Reform Support Service-SRSS) under Regulation (EU) 2017/825 on the establishment of the Structural Reform Support Programme ("SRSP Regulation") for the modernization of its treasury management through the development of a modernized: (a) TSA and cash management system, and (b) non-tax revenue collection and accounting system.

The European Commission has asked the Bank to provide such analytical, advisory and knowledge services and technical assistance to Portugal in the framework of the Part II Europe 2020 Programmatic Single-Donor Trust Fund with the specific objective to support the Government of Portugal upgrade and modernize its treasury management and with the view to enhancing sustainable growth in line with Article 4 of SRSP Regulation. This will be achieved by supporting the efforts of the Portuguese national authorities to define and implement appropriate processes and methodologies by taking into account good practices of and lessons learned by other countries in addressing similar situations, in line with Article 5(1)(c) of the SRSP Regulation.

The support to Portugal with regard to the modernization of its treasury management will include activities in relation to: treasury banking arrangements and Treasury Single Account (TSA), cash management, collection and accounting of non-tax revenues, and their related Information and
Communications Technology (ICT) systems architecture. The activities will consist of advisory services and technical assistance to the authorities in line with international best practices in these areas and taking into account the national context within which these tools and procedures are to be developed.

For the purpose of this Agreement the following terms as defined as follows:

(a) "UniLEO" means the Unidade de Implementação da Lei de Enquadramento Orçamenta, the unit within the Ministry of Finance that coordinates the implementation of the new budgetary framework on behalf of the Ministry of Finance.

(b) "ICGP" means the Instituto de Gestão da Tesouraria e do Crédito Público, the Treasury Agency.

(c) "eSPap" means the Entidade de Serviços Partilhados da Administração Pública, the Shared-services Agency.

(d) "DGO" means the Direção-Geral da Orçamento, the Budget General Directorate.

The two main activities to be carried out by the Bank are as follows:

PART 1: IMPROVEMENTS IN THE TREASURY SINGLE ACCOUNT AND CASH MANAGEMENT SYSTEM

The Bank will provide technical assistance through four sub-components:

A. Streamlining and improving budget execution and Treasury Single Account (TSA). The Bank will review the functions, processes and framework control in the IGCP, the eSPap and the DGO that forms the core expenditure and revenue cycle (Budget-Accounting-Treasury) in the Portuguese institutional context, and then propose recommendations to streamline the advancements of budget execution and TSA management. This will entail the three sub-activities below:

a. Review the current PFM model focusing on budget control mechanisms. This includes taking stock of the current budget-accounting control framework in light of the ongoing accrual accounting reform, especially in monitoring payments (payments/accounts payables) and revenue collection (receipts/accounts receivables), assessing the quality and reliability of information (time frequency, automation, charts of accounts, level of detail of budget-accounting information), and mapping points of control in spending and revenue collection cycles.

b. Review the front and back office functions in IGCP. This includes mapping the current back-office functions in the IGCP organizational structure regarding payments, bookkeeping, reporting and monitoring. It will include mapping of the payment system and its linkages with budget control and execution (budget allotments, cash ceilings), including the IGCP’s internal control framework. This also includes mapping the revenue collection processes by identifying the nature of the different cash inflows, the tasks respectively performed by the IGCP and the revenue collection units, and the information flows and their frequency.

c. Dissemination and discussion of orientations for TSA improvements (workshop #1). The Bank will use the findings above in paragraphs (a) and (b) to identify areas of improvement against international practices on TSA models (centralized or decentralized...
banking arrangements) and budget control in an accrual accounting environment. The Bank will seek participatory feedback and consensus among national stakeholders (in particular eSPaP, IGCP, DGO & UniLEO) and disseminate all these throughout a workshop (including roundtables) gathering Bank specialists, international experts and other practitioners.

B. **Integration of accrual accounting information in the TSA functional model.** The Bank will help the Ministry of Finance (MoF) design a functional and conceptual model for improving the TSA architecture in the IGCP on the basis of the review and recommendations above. The model will define the flows for cash and accrual information, as well as duties and points of control for the different stakeholders operating in the TSA. It will also provide a proposed implementation strategy, identifying the resources needed for implementation, challenges, and risk management strategy. This will entail the 3 sub-activities below:

a. **Proposal to improve the TSA management.** Based on the diagnostic and recommendations made on (A) above, the Bank will provide a detailed proposal on a new TSA functional model which will include: cash inflows collection, cash outflows disbursement (new accrual data information, especially payables), cash position and balance management, information exchange with the eSPaP and DGO, TSA control framework in particular for bank reconciliations, and reporting functions. This TSA functional model will also be coupled with the proposals made below regarding the cash management model (cash planning and fine-tuning of cash estimations to minimize financing costs).

b. **Dissemination and discussion of the TSA new functional model (workshop # 2).** Together with the Portuguese officials (operative and IT staffs of the Ministry of Finance), the Bank will organize a workshop to discuss the recommended improvements for the TSA and their implementation risks. The workshop will include in addition to Bank specialists, international experts and other practitioners, the IGCP and other relevant Portuguese counterparts. The TSA presentation and discussion will be coupled with the presentation of the new cash management model described below (see C.c.).

c. **Implementation strategy for the TSA new functional model.** The Bank will present an implementation strategy plan for TSA improvements in line with the PFM reform and the results of the workshops on TSA, cash management (see below), and non-tax revenue (see below). The proposed plan will outline more specifically back-office functions related to treasury operations, such as revenue payments collection and payment disbursement, bank sweeping arrangements of budget executing units' sub-accounts, reconciliation with bookkeeping, and reporting. The implementation strategy plan will include a resource needs assessment and risk management strategy.

C. **Development of a new cash planning and management model.** The Bank will support the IGCP develop, along with the TSA improvement, a new cash planning and management model considering the new flow of information including accrual information, budget approvals, budget commitments, service delivery clearance, liquidations and payment orders, assets and liabilities, payables and receivables, and working capital. This proposed new model will aim at fine-tuning cash planning and improving cash optimization in the treasury. It will also help the IGCP improve integration of its front, middle and back office treasury functions. This will entail the three sub-activities below:

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a. **Review of middle-office functions in IGCP.** The activity includes stocktaking IGCP's middle office function to determine the level of integration of cash and debt management for liquidity risk monitoring, cash planning, cash optimization, and cash management (receivables/payables and working capital management). It will map the treasury functions for cash flow forecasting and planning as well as the interaction with the front and back office functions (payments system and cash ceilings/allotments determination). Also, the activity will assess the cash optimization techniques, money desk operation, and quality of timely available information to conduct cash forecasting and planning.

b. **Review of international practices on cash management.** The Bank will organize a workshop presenting the international practices on cash management under centralized and decentralized budget execution models and orientations for the new cash planning and management model in the Portuguese context. The workshop will be organized jointly with the workshop for TSA model described under Part 1. B. (b) above (workshop # 2).

c. **Design of the new cash management model.** Based on the recommendations and workshop's discussions above, the Bank will propose a cash planning and management model incorporating cash flows and working capital and identifying relevant accounting information (commitments, payables and receivables, sources of cash inflows by financing and outflows disbursements by economic classification). The model will provide the IGCP with a proposed methodology to calibrate cash ceilings for budget executing units (treasury charts of accounts), optimize cash available (identifying liquidity risks through cash shortfalls and temporary cash surpluses risks), integrate cash/debt management under a money desk approach (asset-liability management), develop an annual cash forecasting plan on a monthly rolling-basis, and analyse ex post forecasting errors. It will also help the IGCP develop the control framework and institutional arrangements to link cash planning in the IGCP with budgetary and accounting monitoring, and incorporate linkages with the back-office functions for registry and reporting.

D. **Outlining the Information System architecture and strategy to support the new TSA and cash management models.** In line with the TSA and cash management improvements proposed above, the Bank will outline the main characteristics of an adequate information systems architecture that will allow for integration of the TSA and the upcoming accrual accounting information system. It will also include guidance for implementation of the information system strategy, in consistence with the other ongoing information system initiatives. This will entail the three following sub-activities:

a. **TSA information systems assessment and gap analysis.** The Bank will conduct on-site and desk reviews of the current information systems supporting the main processes of spending cycle and revenue collection (see Part 2 below) within the Ministry of Finance. The assessment will identify gaps between current information system functions and the future TSA model under the new PFM framework, ensure integration throughout the overall PFM cycle, and identify the maturity level of the information systems and their evolution/upgrade feasibility.

b. **Presenting alternatives for TSA information system architecture.** Based on the gap analysis above, the Bank will outline the main features of two feasible alternatives for the information systems architecture. These features will allow to identify and compare: i) general conceptual/functions architecture of information systems; ii) functional
integration level; iii) institutional implications; iv) technological implications; and v)
general implementation efforts required (time, general investments, capacity and
training).

c. **Definition of the TSA information system and its implementation strategy.** The activity
will outline the main features of an information systems architecture and its proposed
implementation strategy. It will include: i) detailed functional coverage for each
information module; ii) functional interoperability definitions; iii) proposed institutional arrangements (internal and external); iv) technological
interoperability guidelines; v) suggested technological upgrades and replacements; vi)
implementation road-map; and vii) implementing risks and mitigation measures.

**PART 2: IMPROVEMENTS IN THE NON-TAX REVENUE COLLECTION AND
ACCOUNTING**

The Bank will conduct a gap analysis of the current non-tax revenue\(^1\) collection and accounting
procedures, as well as their operating IT systems, against international practices. On the basis of this
analysis, the Bank will make proposals to upgrade the collection and accounting system of these revenues
with a view to improving cash forecasting accuracy and broader optimization of the cash balance in the
treasury. In particular, the Bank will provide the Ministry of Finance with a proposed methodology to
implement a unified procedure for collection and accounting of this category of revenue (accounting and
collection document – ACD) and its specific IT system.

The technical assistance in this area will include three components.

**A. Harmonization and streamlining of non-tax revenue collection procedures.** The Bank will
first carry out a review of non-tax revenue collection procedures in the Ministry of Finance and
collecting agencies and assess the gap with international practices, in particular those based on
the use of single collection documents. The Bank will disseminate the findings through a
workshop gathering national officials, Bank and international experts and practitioners with a
view to discuss proposed recommendations. A pilot experience based on the above will be
conducted possibly with the National Guard. The three sub-activities are as follows:

a. **Review of non-tax revenue collection procedures.** The Bank will map the current non-tax
revenue collection procedures against international practices to identify areas of
weaknesses and improvements. It will also review international experiences in improving
non-tax revenue collection monitoring and the use of single collection documents
(alphanumeric codes) for the overall revenues. The Bank will then issue a proposal for
harmonization and simplification of non-tax revenue collection procedures accordingly.

b. **Dissemination of a proposal for the simplification of non-tax revenue collection
procedures (workshop # 3).** Based on the findings above, the Bank will identify areas of
improvement on non-tax revenue collection and will organize a workshop to discuss the
findings and proposal for simplification. The workshop (with roundtables) will include all
relevant stakeholders (Portuguese officials from eSPaP, IGCP, DGO, UniLEO and
sample of collecting entities) and Bank specialists, international experts and other
practitioners.

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\(^1\) As defined by the IMF’s 2014 GFS Manual.
c. **Preparation of a pilot project with the National Guard or another structure**. The Bank will prepare an implementation plan of the new collection and accounting procedure for a pilot organization chosen by the Portuguese authorities (National Guard).

**B. Design and experimentation of a single Accounting and Collection Document (ACD).** The Bank will support the Ministry of Finance design a single Accounting and Collection Document with a view to implementing it on a pilot basis in one public entity (National Guard) as follows:

a. **Design of a single Accounting and Collection Document.** The Bank will help the Ministry of Finance design a single accounting and collection document for non-tax revenues based on international experiences using alphanumeric codes to track accounts receivables generated by revenue invoices in the Portuguese context. The new process will also define the segregation of duties, cash collection responsibilities, and information flow between the different stakeholders.

b. **Preparation of a pilot project with the National Guard.** The Bank will outline a strategy plan for implementation of the ACD, including a detailed proposal for an experimentation of the new system to the National Guard (pilot chosen by the authorities given its capacity, preparedness and large scope of its revenues in the form of traffic fines).

**C. Outlining of Information Systems architecture and strategy to support the new collection procedures.** The Bank will conduct a non-tax revenue collection information system assessment and analysis; draft the main features of two alternatives system architectures to inform decision-making on the system fitting the best to the Portuguese context; and outline the core characteristics and requirements of its implementation plan. The findings of these three sub-activities will be discussed during the workshop #3 above:

a. **Non-tax revenue collection information systems assessment and gap analysis.** The Bank will conduct on-site and desk reviews of selected local non-tax revenue collection systems (including the systems used in the organization concerned by the pilot project) to identify gaps and areas of improvements in order to integrate non-tax revenue collection and accounting information within the current PFM systems aligned with the new TSA model. The assessment will: (i) identify functional gaps with current non-tax revenue information system for complying with the new TSA model under the new PFM framework; (ii) identify the maturity level of the information systems and their evolution/upgrade feasibility; and (iii) issue recommendations for IT systems integration.

b. **Drafting of alternatives for non-tax revenue collection system architecture.** Based on the gap analysis above, the Bank will present at least two feasible alternatives for the information system architecture. The alternatives will identify and compare: (i) general conceptual/functions architecture of information systems; (ii) functional integration level; (iii) institutional implications; (iv) technological implications; and (v) general implementation efforts required (time, general investments).

c. **Definition of the non-tax revenue collection information system and its implementation strategy.** The activity will outline the core features and requirements of an information systems architecture and its implementation strategy. It will include: i) detailed functional coverage for each information system; ii) functional interoperability definitions; iii) proposed institutional arrangements (internal and external); iv) technological
interoperability guidelines; v) suggested technological upgrades/replacements; vi) implementation road-map; and vii) implementing risks and mitigation measures

2. **Methodology**

The technical assistance provided by the Bank will include policy advice and hands-on support to work with the MoF by experts with relevant experience. The activities described above will comprise advisory services through, as pertinent, fields missions, desk review and technical workshops gathering national officials, the Bank and international experts, representatives of the European Union and other stakeholders.

The Bank will also provide its support based on sharing experiences of select countries. In order to provide support and guidance to the MoF on how to optimize cash management, and further contribute to reduce the financing costs of the budget, in the new context of on-going accounting (accrual accounting) and revenues collection (non-tax revenues) reforms, the Bank will require from the MoF timely access to various data sources.

### Indicative outputs² and timeline table

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<th>Output #</th>
<th>Output title</th>
<th>Q1 18</th>
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<tr>
<td>1.A.</td>
<td>Improved and streamlined integration between budget execution and TSA management. Includes <em>workshop # 1</em> - new TSA model report</td>
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<td>1.B.</td>
<td>Integration of accrual accounting and monitoring in the TSA functional model. Includes <em>workshop # 2</em> - new cash management model report</td>
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<td>1.C.</td>
<td>Development of a new cash management model. Includes <em>workshop # 2</em> - new cash management model report</td>
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<td>1.D.</td>
<td>Outlining the Information System architecture and strategy to support the new TSA and cash management models and report.</td>
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<td>2.A</td>
<td>Harmonization and streamlining of non-tax revenue collection procedures. Includes <em>workshop # 3</em> and report</td>
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<td>2.C.</td>
<td>Outlining of Information Systems architecture and strategy to support the new collection procedures report</td>
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² Aligned with the Results Framework table (see Annex 4).
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 workshops; 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.
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 of 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.

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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 effected 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 December 31, 2019 (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 the Portuguese Ministry of Finance.

The activities shall be undertaken in close collaboration with the SRSS and the Ministry of Finance of Portugal, represented by the UniLEO to lead and coordinate the PFM reform and the other stakeholders within the Ministry of Finance, especially IGCP and DGO will be consulted as needed.

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 Ministry of Finance of Portugal 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 support work streams the SRSS is or has been involved in.

The Bank and the SRSS shall have regular exchanges, at least on a quarterly basis, on the progress of the project, 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 SRSS.

It is expected that the UniLEO of the Ministry of Finance of Portugal shall be the national contact point for the activities, and shall coordinate the necessary coordination mechanisms within the Ministry of Finance of Portugal as well as other relevant national stakeholders. To this end, the Ministry of Finance of Portugal shall establish a Project Management Team, composed of relevant 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 Ministry of Finance of Portugal 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 outputs resulting from the activities shall be delivered by the Bank to the Ministry of Finance of Portugal 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 taken into consideration.

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The Ministry of Finance of Portugal shall be solely responsible for the implementation of the recommendations in the report(s). It is expected that Ministry of Finance of Portugal, SRSS and Bank shall consult each other prior to the publication of the final report endorsed by the Ministry of Finance of Portugal.

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

The Bank shall carry out the visibility activities agreed between the Bank and the SRSS in the Visibility Note, which 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 (including staff holding consultant appointments) assigned to perform the activities under this Agreement. The Bank team shall be managed by a Bank Task Team Leader with relevant experience, drawing on the expertise of the World Bank Group staff with extensive experience in: public sector administration, international public law, development operations and program management/assistance. The Bank team shall include the following competencies:

(a) in-depth knowledge of Europe's procedures and the EU regulatory framework, especially for Trust fund-financed activity;
(b) ability to assess the treasury and budget management, accounting and IT systems architecture as part of the overall Public Financial Management System and propose recommendations for further development in the EU context;
(c) ability to produce high-quality written outputs; and
(d) project management, economic, and other skills that will be considered necessary for the execution of the activities.

**Payment Requests**

Requests for payments related to the activities set forth in Section 2.1 of Annex 1 to this Administration Agreement will be sent by the World Bank to the Commission with the reference EC Contract No SRSS/S2018/001 and shall be addressed to:

Menchi Giuseppe  
Structural Reform Support Service  
European Commission  
Office CHAR 10/040  
B-1049 Brussels  
Belgium

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## ANNEX 4

### INDICATIVE RESULTS INDICATORS FOR THE ANNEX 1 ACTIVITIES

| Outcome 1: Improved Treasury Single Account and Cash Management System | Advisory services to modernize TSA and cash management tools and procedures, with adequate IT system architecture, in order to optimize the financing costs of the budget | Tools and procedures for TSA and cash need modernization to optimize the financing costs of the budget. | Authorities are provided with methodologies and strategy plans to upgrade TSA and cash management based on gap analysis of current situation and international practices in order to optimize the financing costs of the budget. | • Full documentation and reports on the two workshops dedicated to this outcome. | • UNILEO is fully entitled with the conduct of the reform
• All other stakeholders involved in missions and workshops
• Commitment of authorities to reform
• Close cooperation between Treasury and ICT officials |
| --- | --- | --- | --- | --- | --- |
| **Output 1.A:** Improved and streamlined integration between budget execution and Treasury Single Account (TSA) management. | Assessment and gap analysis of linkages between budget execution control and TSA framework | Existing linkages are to be upgraded for streamlined budget execution control. | Streamlined advancements of budget execution control tools and procedures in coherence with the TSA management | • Workshop (#1) to be held in Q2 2018 to discuss findings and recommendations with all related documentation and materials.
• Aide-mémos of preparatory missions | • Authorities providing documentation necessary for analysis and discussion.
• Active participation in the workshop of all stakeholders under coordination of UNILEO |
| **Output 1.B:** Integration of accrual accounting and monitoring in the TSA functional model | Assessment and gap analysis of the TSA management against international practices and national context | Existing TSA framework and procedures need upgrade to fully support modernized cash management, especially in the context of the upcoming accounting reform. | New TSA model able to include new accounting information and support an upgraded cash management | • Workshop (#2) in Q4 2018 to discuss findings and recommendations with all related documentation and materials.
• Aide-mémos of preparatory missions | • Authorities providing documentation necessary for analysis and discussion.
• Active participation in the workshop of all stakeholders, in particular IGCP, under coordination of the UNILEO |
| **Output 1.C:** Assessment and gap | Existing Cash | New cash management model able to | | • Workshop (#2) Q4 | • Same than above (1.B.) |

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<tr>
<th>Development of a new cash management model.</th>
<th>Analysis of the cash management system against international practices and national context</th>
<th>Management system needs more integration with cash forecasting and debt management as well as accounting and reporting in order to contribute to optimize financing costs of the budget</th>
<th>Support new mechanisms for cash optimization in the treasury and subsequently debt optimization.</th>
<th>2018 to discuss findings and recommendations with all related documentation and materials.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 1.D: Outlining the Information System architecture and strategy to support the new TSA and cash management models.</td>
<td>Assessment and gap analysis of the existing IT systems architecture supporting the TSA and cash management.</td>
<td>Existing IT system architecture needs upgrade in order to fully support the implementation of the improvements on TSA and cash management recommended above.</td>
<td>Authorities are provided with two relevant IT systems architecture solutions able to support new TSA and cash management models with an implementation strategy for each.</td>
<td>• Aide-memoires of preparatory missions</td>
</tr>
<tr>
<td>Outcome 2: Improvements in the Non-Tax Revenue Collection and Accounting</td>
<td>Advisory services to develop new collection and accounting procedures of non-tax revenues, in order to optimize the financing costs of the budget</td>
<td>Existing mechanisms for non-tax revenue collection and accounting, as well as their operating IT systems, need improvement to allow optimization of cash in the Treasury.</td>
<td>Authorities are provided with methodologies and strategy plans, including for a pilot project, based on gap analysis of current situation and international practices to modernize collection and accounting of non-tax revenues in order to optimize the financing costs of the budget.</td>
<td>• Full documentation and report on the workshop dedicated to this outcome.</td>
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</table>

* • Authorities are exploring new IT solutions to improve treasury management  
  • Authorities share solutions with all stakeholders at MoF.  
  • UNILEO gathers both ICT and Treasury officials to devise jointly IT solutions

* • UNILEO is fully entitled with the conduct of the reform  
  • All other stakeholders, including some collecting agencies, participate in missions and workshops  
  • Readiness of the selected collection agency to lead the Pilot project.  

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<tr>
<th>Output 2.A: Harmonization and streamlining of non-tax revenue collection procedures.</th>
<th>Assessment and gap analysis of existing procedure for non-tax revenue collection against international practices and national context.</th>
<th>Existing system for non-tax revenue collection to be brought in line with international practices, in particular with the use of a single collection document (ACD) for better and more timely accounting and monitoring of these revenues.</th>
<th>Authorities are provided with a proposal for the simplification of non-tax revenues collection and a pilot project for implementing it in a selected agency (National Guard).</th>
<th>• Workshop (#3) Q3/Q4 2018 to discuss findings and recommendations with all related documentation and materials, as well as for a pilot project at National Guard. • Aide-memoires of related missions.</th>
<th>• Authorities providing documentation necessary for analysis and discussion. • Agreement is reached on a pilot implementation project in a non-tax revenue collecting agency (National Guard) and the latter agrees and is committed to be pilot. • Active participation in the workshop of all stakeholders, in particular IGCP, under coordination of the UNILEO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 2.B: Design and experimentation of a single Accounting and Collection Document (ACD)</td>
<td>Advisory services to develop a new single Accounting and Collection document for non-tax revenues.</td>
<td>Existing single accounting and collection document (ACD) in place for tax revenues is not yet operational for non-tax revenues.</td>
<td>Authorities are provided with guidance on how to implement the new single ACD to non-tax revenues with a pilot project in the national Guard.</td>
<td>• Aide-memoires of related missions with comprehensive proposals for ACD implementation.</td>
<td>• Authorities providing documentation necessary for analysis and discussion. • National Guard is committed to the pilot project.</td>
</tr>
<tr>
<td>Output 2.3: Outlining of Information Systems architecture and strategy to support the new collection procedures.</td>
<td>Assessment and gap analysis of the existing IT systems architecture supporting the non-tax revenue collection and accounting against international practices and national context.</td>
<td>Existing IT systems architecture for non-tax revenue collection and accounting need upgrade to support the reform and be brought in line with international practices.</td>
<td>Authorities are provided with two relevant IT systems architecture solution able to support new ACD with an implementation strategy.</td>
<td>• Aide-memoires of related missions with comprehensive proposals for new IT systems architecture orientations.</td>
<td>• Authorities are exploring new IT solutions to improve collection and accounting of non-tax revenues. • Authorities share solutions with all stakeholders at MoF and some collecting agencies (National Guard and others). • UNILEO gathers both ICT and Treasury officials to devise jointly on IT solutions.</td>
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</table>
### ANNEX 5

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff and individual consultant services</td>
<td>2 staff</td>
<td>237,754</td>
</tr>
<tr>
<td>Cost of travel</td>
<td>16 missions</td>
<td>160,000</td>
</tr>
<tr>
<td>Cost of training and workshop</td>
<td>3 workshops</td>
<td>58,104</td>
</tr>
<tr>
<td>Other services including translation</td>
<td>Interpretation and translation: 108 days/325 pages</td>
<td>66,642</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td>522,500</td>
</tr>
<tr>
<td>Administration fee (5%)</td>
<td></td>
<td>27,500</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 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.