Administration Agreement
between the European Commission and the International Bank for Reconstruction and Development
concerning the EC IPA Rural Investment Single-Donor Trust Fund No. 2014/351-477 (TF072325)

This Administration Agreement is concluded under Indirect Management in the context of the Framework Agreement between the World Bank Group and the European Commission which sets the general conditions for this Administration Agreement. The Framework Agreement shall be applicable and form an integral part of this 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 fifteen million five hundred thousand Euros (EUR 15,500,000) (the “Contribution”) for the EC IPA Rural Investment Single-Donor Trust Fund, No. TF072325 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is fifteen million five hundred thousand Euros (EUR 15,500,000). The indicative budget set out in Annex 4 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 EC IPA Rural Investment 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.

Expected results of the Trust Fund and corresponding indicators (including baselines, result goals and sources of data) are set out in Annex 3.

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)  First instalment—five hundred Euros (EUR € 500.00)
(B)  One million and five hundred thousand Euros (EUR 1,500,000) subject to the disbursement of 70% of the preceding instalment.
(C)  Six million Euros (EUR 6,000,000) subject to the disbursement of 70% of the preceding instalment.
(D)  Six million Euros (EUR 6,000,000) subject to the disbursement of 70% of the preceding instalment.
(E)  One million and five hundred thousand Euros (EUR 1,500,000) subject to the disbursement of 70% of the preceding instalment.
(F)  Final payment – Four hundred ninety nine thousand five hundred Euros (EUR 499,500)

The period for payment for the first instalment shall be maximum 30 days.
The period for payment of further installments shall be 60 days.
The period for payment of the balance shall be 90 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 TF072325 EC IPA Rural Investment 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”):

Tatiana Proskuryakova  
Country Manager  
International Bank for Reconstruction and Development  
The World Bank  
Aminta Treti 34, 1000 Skopje  
Former Yugoslav Republic of Macedonia  
Tel: +389 2 5515230  
Fax: +389 2 5515240  
E-mail: Tproskuryakova@worldbank.org

For the Donor (the “Donor Contact”):

Mr Martin Klaucke  
Head of Cooperation  
Delegation of the European Union  
Sv. Kiril i Metodii 52b, 1000 Skopje  
Former Yugoslav Republic of Macedonia  
Tel: +389 2 32 48 579  
Fax: +389 2 32 48 501  
E-mail: martin.klaucke@eeas.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 International Bank for Reconstruction and Development 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. Individual procurement and grant contracts under this Administration Agreement shall be signed by the World Bank Group entity no later than thirty six (36) months from the date of this Administration Agreement.
9. The measures taken to identify the EU as a source of financing shall be in accordance with Attachment 4 of the Framework Agreement.

10. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Administration Agreement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement shall become effective as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:
Name: Tatiana Proskuryakova
Title: Country Manager
Date: 24/11/2014

EUROPEAN COMMISSION
on behalf of the EUROPEAN UNION

By:
Name: Martin Klaucke
Title: EU Head of Cooperation
Date: 24/11/2014
ANNEX 1

EC-IPA Rural Investment 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.

The EC-IPA Rural Investment Trust Fund shall finance a new component under the World Bank financed "Municipal Services Improvement Project" (MSIP) and shall scale up MSIP activities by, inter alia, providing grant funding to Participating Municipalities for rural infrastructure investments.

I. Objective

The objective of the EC-IPA Rural Investment Trust Fund is to improve the delivery of targeted municipal services in Participating Municipalities.

The EC-IPA Rural Investment Trust Fund will also contribute to sustainable and inclusive economic, social and territorial development of the country and to reducing regional disparities through the development of physical capital in rural areas. More specifically, The EC-IPA Rural Investment Trust Fund will contribute to:

i) improve quality of life and working conditions in rural areas;
ii) decrease urban / rural disparities in terms of socio-economic development; and
iii) improve the competitiveness of rural areas.

II. Activities

The activities to be financed are as follows:

Recipient-executed activities

1: Investment grants

Provision of grants (Investment Grants) to Participating Municipalities.

2: Technical assistance

Provision of technical assistance in the form of consulting services, including technical assistance, surveys, studies and training to Participating Municipalities, for the preparation of technical documentation, relevant analysis and studies for potential sub-projects, assistance on procedural and accounting issues, facilitation of workshop on common constraints, lessons learnt and best practices, etc. The technical assistance is to ensure that all Participating Municipalities are able to benefit from the Investment Grants mentioned in paragraph 1 above.

3: Operational costs.

Financing of operational expenditures of the PMU related to the implementation of the EC-IPA Rural Investment Trust Fund.
III. Implementation Arrangements

The Call for proposal(s)

1. Eligible Beneficiaries

The Participating Municipalities will be the beneficiaries of the EC-IPA Rural Investment Trust Fund. Participating Municipalities are local self-government units as defined in the Law on Territorial Organization of the Local Self Government of the Former Yugoslav Republic of Macedonia (the Beneficiary Country) (OG 55/04 and its subsequent amendments). The Investment Grants shall mainly target rural municipalities, but urban municipalities with rural settlements shall also be eligible if such urban municipalities consider infrastructure investments in their rural settlements. According to the official list of rural areas and rural settlements in the Beneficiary Country (Official Gazette No.89/2011), out of the total 80 municipalities in the Beneficiary Country, 78 municipalities shall be eligible, out of which 61 are rural and 17 are urban. Only municipalities Cair and Centar shall not be eligible, due to the fact that they do not have rural areas in their territory.

2. Amount of Investment Grant per type of Municipality

Unless otherwise agreed between the EU Delegation and the World Bank, the ceiling of each Investment Grant for the first call of proposals (IPA contribution) is: (i) EUR 260,000 per rural Municipality; and (ii) EUR 120,000 per urban Municipality. In case a second call for proposals is financed under the EC-IPA Rural Investment Trust Fund, the ceilings for the Investment Grants may be revised with the prior approval of the EU Delegation.

3. Eligible activities/investments

(a) The rural infrastructure sub-projects ("Sub-projects") proposed by the Participating Municipalities to be financed under each Investment Grant must meet the following requirements:

- The proposed Sub-projects have to contribute to achieve the objectives of the EC-IPA Rural Investment Trust Fund;
- The proposed Sub-projects shall be related to water supply, wastewater collection and treatment (village sewage plants and sewerage systems for Population Equivalent comprises between 2,000 and 10,000), solid waste management, local roads, market infrastructure, tourism infrastructure, energy supply, renewable energy, energy efficiency projects, village street improvement, recreational areas, house of culture, schools, kinder gardens, parks, street lighting, renovation of municipal building, and more generally, the proposed Sub-projects shall consist of infrastructure projects that improve the socio-economic and territorial development and/or the protection of the environment in rural areas.
- The proposed Sub-projects shall be considered a priority for the pertinent municipality pursuant to relevant strategic planning Municipal documents and must have been approved by the municipal council.

(b) The following Sub-projects shall not be eligible for financing under the EC-IPA Rural Investment Trust Fund:
Sub-projects which have activities related to preparation of the urban planning documents;
Sub-projects classified as Category “A” pursuant to the World Bank’s Operational Policy 4.01 (Environmental Assessment);
Irrigation projects.

4. Implementation procedures

A grant agreement between the Beneficiary Country and the World Bank Group (the Grant Agreement) shall be signed following the signature of this Administration Agreement, whereby the Recipient shall be required to carry out the following:

Phase 1: Call for proposal

The Beneficiary Country’s as implementer of the MSIP shall launch a Public Call for Proposals (CfP), promptly after the signature of the Grant Agreement. The CfP shall be announced in two national newspapers and published at the official Ministry of Finance website. The CfP shall provide the following minimum information:

i) Brief summary of the component E of the MSIP;
ii) Rules related to the eligibility of beneficiaries;
iii) Rules related to the eligible amount per type of municipalities;
iv) Rules related to the types of eligible (and ineligible) investments;
v) Type of eligible and ineligible expenditures;
vii) Type of documents requested for submission; and
vii) Deadline for application (place and date).

Municipalities will have 90 days to submit an application.

To respond to the CfP, municipalities should submit (1) Project Information Fiche, (2) technical documentation and (3) municipal Council decision on project acceptance, as a strategic priority.

Project Information Fiche is a questionnaire, filled out by the Participating Municipality for the Sub-project submitted for further evaluation. PIF shall comprise at least the following parts:

The Sub-project proposal will include at least:

- Sub-project description and investment costs; and
- Documentation prepared so far and technical assistance needs.

The Participating Municipality shall submit the following documents:

- Detailed design in case of works or technical specification in case of supplies for the proposed Sub-project; and
- Decision about the priority of the Sub-project issued by the pertinent Municipal Council.

The Sub-project proposal shall include a budget line for visibility of the project and visibility of EU IPA funding.

Detailed design is a technical documentation on the basis of which the construction permit is issued and according to which the future Sub-project would be implemented.

If municipalities apply to the CfP with a Sub-project related to wastewater collection and treatment, the provision of detailed design shall not be obligatory. Each Participating Municipality shall be able to request in the application technical assistance for the preparation of the detailed design for this type of Sub-projects.
Within the maximum ceiling permitted for Sub-projects, each Participating Municipality may apply with maximum three projects.

Participating Municipalities may apply with a project of higher value than the maximum allowed ceiling, but would need to provide options for co-financing.

In case a rural Municipality does not submit an application to the CfP, MSIP PMU shall approach the pertinent Municipality to find out the reason for not having submitted an application. A report shall present the results of the investigation. In case for some rural municipalities the reason is "lack of prepared detailed design", the PMU MSIP shall provide support to the preparation of detailed design. The Sub-projects from these rural municipalities shall then have a possibility to be funded at a later stage.

Phase 2: Evaluation of the submitted projects and signing the IPA grant agreement

The MSIP PMU shall do a preliminary review of the submitted municipal projects and shall create a list of selected municipalities/projects and non-selected municipalities/projects based on the following criteria:

i) Municipalities are within the list of eligible municipalities;
ii) The project is within the list of eligible types of projects;
iii) Technical documentation is submitted; and
iv) The project is a strategic priority of the Municipality, Council decision submitted.

No application from rural municipalities shall be rejected by the MSIP PMU for reasons of "insufficient quality of design" or "missing documentation related to technical design". MSIP PMU shall provide ad hoc technical expertise to improve and complete the design if necessary.

The list shall be approved by the World Bank and the EU Delegation and then submitted to the MSIP Steering Committee (SC) for its review and approval.

After approval of the list the MSIP PMU shall inform all interested municipalities about the acceptance/rejection of their project(s). Based on the list of eligible municipalities/projects the MSIP PMU shall prepare a procurement plan for the component E and shall submit it to the World Bank for approval.

The second activity during this phase is the detailed review by the MSIP PMU of the technical documentation submitted by the municipalities and the provision of comments or the approval of the documentation. During this phase, the municipalities in cooperation with MSIP PMU would need to complete and improve quality of the technical documentation according to the comments received, and to finalize other administrative procedures in order to issue a construction permit. If some municipalities require technical assistance for the successful completion of the technical documentation during this phase, the MSIP PMU shall mobilize funds from the technical assistance budget line on behalf of the municipality.

The objective is to sign the grant contracts with the Beneficiaries within one (1) year of the receiving of comments from MSIP PIU. If, within this period, the municipality fails to complete the documentation comprising all needed permits, the funds allocated to them shall be cancelled.

To obtain approval on the proposed projects, at this stage, the MSIP PMU in cooperation with the municipalities shall prepare IPA Project Appraisal Document (PAD). The IPA PAD shall comprise the following parts:

- Project description;
• Socio-economic benefit assessment;
• Environmental impact assessment; and
• Technical solution.

Only PADs related to wastewater collection and treatment and kindergarten Sub-projects proposed to be financed by Investment Grants, due to their potential social and environmental risks and limited MSIP experience in this field, shall be approved by the World Bank.

The World Bank will review PADs selectively as part of its regular project supervision, especially related to rural municipalities. PADs shall be shared with the EU Delegation for information.

Once PADs are approved, the MSIP/PMU shall prepare draft sub-grant agreements (IPA Grant Agreements) with municipalities that shall be reviewed by municipalities and then submitted to the SC for review and approval. Then the IPA Grant Agreements shall be signed between the Beneficiary Country and the pertinent Participating Municipality.

**Phase 3: Procurement under the grants to be carried out by the grantees**

Each Participating Municipality, in cooperation with MSIP PMU, shall: (a) conduct the procurement in accordance with the: (i) “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Procurement Guidelines”); and (ii)“Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”); (b) implement the pertinent Sub Project in accordance with the World Bank “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”; dated October 15, 2006 and revised in January 2011; (c) sign a contract with the selected contractors; and (c) implement the pertinent Sub-project.

Preparation of the bidding documents shall be based on the technical documents prepared by the pertinent Participating Municipality with the support of the MSIP PMU. The MSIP PMU shall provide final check on administrative and technical compliance of the documentation originated from the Participating Municipalities with regard to national regulation, since construction permits and usage approvals are strongly dependent on the fulfilment of due authorization and licensing of all participants in the construction process. MSIP PMU is not a member of the evaluation committee nominated by municipalities, but it observes the process and provides all the World Bank Procurement Guidelines and Consultant Guidelines are observed.

**IV. Environmental Impact Assessment (EIA)**

The MSIP PMU shall check whether or not particular project component is on the list requiring EIA, and if necessary will assist preparation of official letter to the Ministry of Environment and Physical Planning to initiate preparation and approval of due EIA. PMU will also assist the municipalities in preparation of the monitoring and mitigation measures.
5. **Use of remaining funds**

During the implementation of the Sub-project, the SC will make a proposal for the use of the residual funds if any. The World Bank and EU formal prior approval will be needed on the use of the remaining funds.

6. **Eligible Expenditures**

For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the World Bank’s applicable policies and procedures, including:

(a) Civil works
(b) Consulting services
(c) Goods
(d) Operating Costs
(e) Training

V. **Taxes**

The foregoing list of categories of expenditures shall not include financing of taxes and other public fees and duties.

VI. **Governance**

The Steering Committee (SC) established under the World Bank-financed Municipal Services Improvement Project (MSIP), presently under implementation, will oversee the IPA funded Trust Fund activities along with the activities of the other MSIP components. The current SC will be amended with two members appointed by the Ministry of Agriculture, Forestry and Water Economy. SC responsibilities over the Project will reflect also over the component. Apart from the Government representatives, WB and EU Delegation in Skopje will second a member as an observer. As specified in Loan Agreement related to the MSIP the Project Operational Manual will be subject to World Bank approval.

The EU Delegation in Skopje will endorse the list of selected / non-selected projects (following the CfP) before the approval by the SC.

Any decision related to use of remaining funds (after the first CfP) is subject to the prior approval of the EU Delegation in Skopje.
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, it being understood that any plural references in the annexes to Donors, Administration Agreements, Contributions and pro rata shares shall be read as singular references to the Donor, its Administration Agreement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

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 Donors, 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 Each Donor's Contribution (collectively, the “Contributions”) 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 Donors acknowledge 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 a 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 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank shall convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.
2.5 The Bank shall invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable policies and procedures for the investment of trust funds administered by the Bank. The Bank shall transfer all income from such investment to the Donor’s applicable donor balance account with the Bank.

3. **Trust Fund Fees and Costs**

3.1 The Bank shall deduct and retain for its own account, as a deduction from each Installment, an amount equal to five percent (5%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee and (ii) not included under Annex 1 of the Administration Agreements in accordance with the Bank’s applicable policies and procedures shall be charged to the Trust Fund on an actual basis up to a maximum of zero point five percent (0.5%) of the total Contributions under all Administration Agreements.

3.3 Each 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 all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from new Donors under 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 Donors 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 Donor 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 Donors via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank shall provide to the Donors via the World Bank’s Trust Fund Donor 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 a 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.

4.5 The Bank shall make available to the Donors copies of all financial statements and auditors’ reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank’s Access to Information Policy.

5. Progress Reporting

5.1 The Bank shall provide the Donors 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 Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

6. Disbursement; Cancellation; Refund

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by September 30, 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 Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each 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 all Donors, all calculated as Holding Currency amounts.

6.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, 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 specified in the Administration Agreement; unless otherwise agreed between the Bank and each such 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 Donors consent to such disclosure of their respective Administration Agreements and such related information.

7.2 The Donors 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.
8. **Grants to Recipients**

8.1 The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration Agreement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors.

8.2 The Bank shall be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

8.3 The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.
**LOGICAL FRAMEWORK**

**Project title: EC-IPA-Rural Infrastructure Trust Fund**

The monitoring and evaluation of the EC-IPA Rural Infrastructure Trust Fund will be mainly carried out through a separate service contract. The log-frame below is subject to adjustments. By "projects", it should be understood "infrastructure projects" which will be funded to municipalities.

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute to the improvement of service delivery in rural areas</td>
<td>MSIP indicators: <em>PDO Level Indicator Four</em>: Percentage of participating municipalities achieving targeted improvements in delivery of selected services in completed sub-projects.</td>
<td>World Bank: PIU current monitoring. For every sub-project financed by component A sub-project level indicators are developed and thus improvement of the service is determined.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Specific objectives</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>i) To contribute to improve the competitiveness and business attractiveness of rural areas in beneficiary municipalities;</td>
<td>Number of municipalities which opted for economic projects versus other types of projects. Total value of economic projects versus total amount of other types of projects. Number of economic agents (in municipalities which opted for economic projects) directly and indirectly benefiting (working conditions, business opportunities, business profitability, etc.) from the economic projects. Number of economic agents (in municipalities which opted for economic projects) that confirms that have working conditions, business opportunities, business profitability, etc. have improved.</td>
<td>Service Contract outputs including Statistical studies and Citizens' satisfaction surveys</td>
<td>Overall financial situation of municipalities remains stable or is improved</td>
</tr>
<tr>
<td>Expected Results</td>
<td>Objectively verifiable indicators</td>
<td>Sources of Verification</td>
<td>Assumptions</td>
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<td>--------------------------------------------------------------------------------</td>
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<tr>
<td>The municipalities have received financial and technical support to develop socio-economic infrastructure.</td>
<td>Number and value of infrastructure projects successfully implemented;</td>
<td>WB / MSIP &amp; Service contract</td>
<td>i) Rural municipalities (included the smallest one) have submitted applications. They have received when</td>
</tr>
<tr>
<td>Activities</td>
<td>Assumptions</td>
<td></td>
<td></td>
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<td>------------------------------------------------</td>
<td>--------------------------------------------------</td>
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<tr>
<td>Investment in physical capital in rural areas</td>
<td>Municipalities submit applications to the Call for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision of Technical Assistance to municipalities</td>
<td>Proposals and their project are approved.</td>
<td></td>
<td></td>
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needed, the necessary support to do so.

ii) Municipalities have selected socio/environmental/economic projects which have a positive impact on the rural population and economic stakeholders.
### ANNEX 4

**Indicative Budget**

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<thead>
<tr>
<th>Activity</th>
<th>Indicative Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Infrastructure Investment Grants</td>
<td>13,512,500</td>
</tr>
<tr>
<td>Technical assistance to support municipalities in sub-project preparation, implementation, etc.</td>
<td>975,000</td>
</tr>
<tr>
<td>Operational costs to support PMU</td>
<td>160,000</td>
</tr>
<tr>
<td>Trust fees (5.5%)</td>
<td>852,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,500,000</strong></td>
</tr>
</tbody>
</table>