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

1. The International Bank for Reconstruction and Development (the “Bank”) acknowledges that the European Commission (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of one hundred thousand Euros (€100,000) (the “Contribution”) for the Part II Europe 2020 Programmatic Single Donor Trust Fund, No. TF072640 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is Euro one hundred thousand Euros (€100,000). 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 “Slovenia SME NPL Resolution Single-Donor Trust Fund Description” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement, including the “Standard Provisions” attached hereto as Annex 2 and “Governance” attached hereto as Annex 3.

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

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

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

(A) Promptly following countersignature €50,000.
(B) € 25,000 subject to the disbursement of 70% of the preceding instalment.
(C) € 25,000 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 TF072640 (The Part II Europe 2020 Programmatic Single-Donor Trust Fund), the Commission internal reference number and the date of the Administration Agreement, the name of the project for which the funds are intended, the name of
the Commission department responsible for the Trust Fund and the date of the deposit (the “Deposit Instructions”). In addition, the Donor shall provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Agreement shall be in writing and delivered by mail, fax or e-mail to the respective Party’s address specified below or at such other address as such Party notifies in writing to the other Party from time to time:

For the Bank (the “Bank Contact”):

Arup Banerji  
Country Director  
Central, South Europe and Baltics World Bank  
Avenue Marnix 17 2nd floor  
1000 Brussels Tel: 32-2-504-0994  
abanerji@worldbank.org

For the Donor (the “Donor Contact”):

Mary McCarthy  
Director  
European Commission  
Structural Reform Support Service  
CHAR 10/104  
1049 Brussels Tel: +32 229-93493  
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: 
Name: Arup Banerji  
Title: Country Director

Date: July 25 2016

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: 
Name: Mary McCarthy  
Title: Director

Date: 26 July 2016

28 JUIL. 2016
ANNEX 1

Part II Europe 2020 Trust Fund Description

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor.

1. Objectives

The objectives of the Trust Fund are:

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

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

2. Activities

The objectives and description of the activities are:

The European Commission has expressed an interest in ensuring that the Bank provides technical assistance in the framework of the Trust Fund with the specific objective of assisting and supporting the Bank of Slovenia (BoS) to undertake reforms that seek to improve the stability and efficiency of the country’s banking system through restructuring of large volume of non-performing loans (NPLs) associated with small and medium-sized enterprise (SME) sector. The Activities to be financed by the Trust Fund, in support of the objective above, and of which the Bank has implementation responsibility, are described below.

The World Bank Group is an international organization that aims to end extreme poverty and boost shared prosperity. Promoting financial sector development is essential to achieve these twin goals, and the Bank assists its member countries to build deep, inclusive, efficient, and stable financial systems in order to achieve these objectives. Financial stability and NPL resolution are at the core of financial sector development, and the Bank has gathered substantial expertise in recent years by developing technical assistance programs around this area. Such programs include a combination of activities that range from economic analysis, data collection, implementation support and capacity building, which ultimately achieve the goal of accelerating NPL resolution and promoting more stable and inclusive financial systems. The expertise acquired by the Bank through financial sector advisory services activities in the EU, together with its broader knowledge on financial sector development, place the Bank in a unique position to provide the technical assistance described in this Agreement.

The BoS strategy for 2016 lists SME NPL restructuring among the key policy priorities, and outlines a two-pronged approach to accelerate the process. On the one hand, as part of their strategies for managing problem loans, the banks are now required to present for regulator’s review specific, time-
bound plans for reducing SME NPLs. On the other hand, the Guidelines for SME NPL Restructuring, prepared jointly by the Bank Association and the BoS in late 2015, and promulgated by the BoS through a special regulation, extend methodological advice to both banks on: (i) optimal institutional set up for SME NPL restructuring; (ii) diagnostics for the purpose of quickly determining the viability of company’s business model; (iii) restructuring options for each category of borrowers.

SME NPL restructuring presents specific institutional capacity challenges to banks because of the very large number of firms involved (around 20,000 entities), poor quality of data, and weak capacity of borrowers. Standardizing the process through implementation of guidelines is expected to significantly speed up the process, reduce operational expenses for banks and borrowers, and raise the frequency of successful restructurings. To this end, the BoS has requested the EC’s Structural Reform Support Service (SRSS) to fund the Technical Assistance activities aimed at enhancing the institutional capacity of banks to implement (operationalize) the recently adopted guidelines. The Bank was selected to deliver the requested Technical Assistance based on its regional and global expertise with NPL restructuring.

Accordingly, the Bank will carry out the following Activities:

1) **Development of a toolkit for SME NPL segmentation exercise.** The toolkit will contain the description of data requirements and the methodology for segmentation of SME NPL portfolio into a number of categories based on standard, objective criteria. Particular consideration will be allocated to the differences among SMEs, as micro SMEs and medium size SMEs require different approaches toward NPL resolution. The methodology will focus on providing specific criteria (e.g. financial ratios, economic sector, and management’s ability) for segmenting NPLs into coherent groups. As part of segmentation exercise, criteria for borrower’s viability analysis will be provided. This analysis will help to streamline bank’s efforts and serve as basis for application of pre-determined solutions.

2) **Development of a handbook for SME NPL restructuring.** The handbook will provide a comprehensive framework for effective resolution of SME NPLs. It will contain the major steps of the resolution process and may serve as a guideline for banks in organizing work of their internal NPL work-out units.

The handbook will briefly discuss on pros and cons of organizing NPL workout internally or outsourcing this task. An efficient workout process, if decided to be done internally, needs a clear organization structure and assignment of workloads. To this end, the handbook will provide guidance on organization of loan restructuring process within a bank, including proposals for incentives/performance indicators for staff and management. Furthermore, it will elaborate of the following aspects: (i) internal operations within the bank, including sequence and timetable of steps in SME NPL restructuring, (ii) informing the borrowers and the guarantors, providing details of information to be communicated, (iii) restructuring options applicable for each category of loans identified as a result of segmentation exercise described in the above-mentioned toolkit. The handbook will provide guidance on the two major strategies for NPL resolution: (i) forbearance, and (iii) foreclosure. Both strategies will be reviewed from the point of view of actions to be taken and documentation needed.
For illustrative purposes, sample case studies of NPL workout for various categories of borrowers will be provided. These examples will illustrate the most common cases, according to the segmentation process discussed above.

Finally, the handbook will include templates for banks to use common standards in the NPL workout process. Templates to be included are the following: (i) restructuring plan agreement, (ii) standstill agreement; (iii) code of conduct determining banks’ engagement practices with the borrowers; and (iv) following necessary revisions, other relevant templates currently included in the appendix to the Slovenian principles of financial restructuring of corporate debt, including (i) template agreement arranging relations between debtor and creditors, (ii) template agreement on the appointment of the coordinator, and (iii) template minutes of the meeting between debtor and creditors on potential financial restructuring. Some of these templates may be left ‘as is’, amended partially or entirely, or considered not applicable in the context of SMEs.

3) Presentation of toolkit and handbook at a workshop for banking community organized by the BoS and the Banking Association. The Bank will organize a workshop (i) to explain the main findings from the data analysis on SME NPLs (data provided by the BoS), and (ii) provide an overview of the handbook and the toolkit, with the participation of all major banks, including state and privately owned, will participate. It is expected that the logistical arrangements will be provided by BoS.

Methodology:

The World Bank will produce the outputs described above and will deliver them to BoS directly for approval, endorsement and publication. The World Bank will not be responsible for the implementation of any of the material outputs.

Provided the Toolkit and Handbook are endorsed by BoS, implementation of the actual loan restructurings may be achieved following the guidelines and recommendations included in the Toolkit.

**Indicative Timeline of Milestones and Outputs**

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Delivered by</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoS shares the response to data request with Bank</td>
<td>July 15, 2016</td>
</tr>
<tr>
<td>Bank mission to Ljubljana</td>
<td>September 2016</td>
</tr>
<tr>
<td>Bank presents draft toolkit and handbook to BoS for comments</td>
<td>November 18, 2016</td>
</tr>
<tr>
<td>Workshop to present the project outputs organized in Ljubljana</td>
<td>December 2016</td>
</tr>
<tr>
<td>WB presents final versions of written outputs to BoS</td>
<td>December 20, 2016</td>
</tr>
</tbody>
</table>

3. **Eligible Expenditures**
3.1 For Bank-executed activities, the Trust Fund funds may be used to finance:

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

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 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 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 Each Donor 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 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 its 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 Instalment, an amount equal to five percent (5%) per Instalment as an administrative fee for the Trust Fund.

3.2 The Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Agreement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Agreements of the Donor and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from new Administration Agreements.

4. **Accounting and Financial Reporting**

4.1 The Bank shall maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and disbursements made therefrom.

4.2 The Bank shall furnish to the Donor current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank’s Trust Funds 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 Donor via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank shall provide to the Donor 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 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 April 30, 2017 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donor) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreement(s) of the Donor. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to the Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by the Donor, all calculated as Holding Currency amounts.

6.2 The Donor may cancel all or part of such Donor’s pro rata share/contribution, and the Bank may cancel all or any Donor’s pro rata share/contribution, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Agreement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank shall return to the Donor its pro rata share in the Holding Currency as specified in the Administration Agreement unless otherwise agreed between the Bank and the Donor.

7. Disclosure; Dispute Resolution

7.1 The Bank shall disclose the Administration Agreements and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Agreements, the Donor consents to such disclosure of their respective Administration Agreements and such related information.

7.2 The Donor and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.
GOVERNANCE 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 will be in charge of the implementation of the activities and shall consult with the Structural Reform Support Service (SRSS) regularly.

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

The activities will be undertaken in close collaboration with the SRSS, and the Bank of Slovenia.

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

The Bank and SRSS will have regular exchanges on the progress of the project, on the work plan or schedule of project activities for the following month(s) including missions, and raise any issues as they arise concerning difficulties encountered. A Representative of the SRSS will be invited to attend all missions and all pertinent events or activities.

Priorities and choices to be made in the planning of the activities will be discussed and consulted between the Bank and SRSS. To facilitate the organization and efficiency of missions the Bank will share with the SRSS in a timely manner the relevant documents.

It is expected that the Director of BoS supervision department will be the national contact Point for the activities, and will coordinate the necessary coordination mechanisms within BoS, the banking sector, and other national stakeholders. To this end, the BoS will maintain a Project Management Team, composed of relevant BoS staff and representatives of the banking community.

It is expected that the Bank will consult and cooperate with the Project Management Team at all major stages of the activities to be implemented. It is expected that the BoS will provide input for the analysis of the Bank; comments on the work plan of the project; review draft outputs and provide detailed comments. It is also expected that the BoS will take the lead in organizing the logistical aspects of a final workshop to present the final versions of outputs from this Activity.

It is expected that the material outputs produced under the activity (Toolkit, Handbook and Workshop) will be delivered by the WBG to BoS directly. It is expected that provided BoS approves, endorses and publishes the outputs, these will be incorporated as part of BoS financial policies in the area of NPL resolution. However, such approval and publications remains the exclusive responsibility of BoS.
It is further anticipated that outcome of the outputs will be used by BoS to inform government's policy in the area of NPL resolution. This could be subsequently applied by the Government authorities to the financial sector by the potential introduction of targets for SME restructuring, which financial institutions would have to achieve over a period of years (pending to be defined).

Achievement of actual impact under the activity depends on a number of factors, like the degree of implementation of the outputs by BoS or favourable economic factors that remain outside the responsibility of the World Bank.

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 will be managed by a Bank Task Team Leader with relevant experience, drawing on the expertise of the World Bank Group staff including personnel and consultants/ experts with extensive experience of working on Restructuring and NPL resolution frameworks in EU member states and other advanced jurisdictions. The Bank team will include the following competencies:

- Ability to analyse the legal, regulatory, institutional and technical impediments to SME NPL workout, notably in the EU context.

- Ability to produce high-quality written outputs (toolkit and handbook) providing clear, detailed guidance to banks’ management and personnel on how to implement SME NPL restructuring in an effective and expedited manner, and minimize transaction costs.

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

<table>
<thead>
<tr>
<th>Expected Results (logic of intervention)</th>
<th>Indicators</th>
<th>Baselines</th>
<th>Result goals</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact</strong></td>
<td>Number of circulars or regulations enacted endorsing the outputs</td>
<td>No specific regulations exist in Slovenia today on the area of SME NPL resolution</td>
<td>At least one government circular issued endorsing the outputs</td>
<td>Official Gazette</td>
<td>BoS approves, endorses and publishes the outputs, incorporating them as part of its financial policies in the area of NPL resolution during the timeframe of this Agreement</td>
</tr>
<tr>
<td>Inform BoS’s policy in the area of NPL resolution</td>
<td>Official SME NPL rates, number of restructurings (forbearance) cases reported by financial institutions</td>
<td>To be provided by BoS(^1), data as of end 2015</td>
<td>To be determined based on baselines received</td>
<td>BoS data</td>
<td>SME restructurings implemented following toolkit’s guidance; all restructurings reported to BoS; data made available</td>
</tr>
<tr>
<td>Reduction of SME NPL ratios and increase of SME loan restructurings</td>
<td>Banks’ strategies for NPL reduction are implemented in timely and quality manner</td>
<td>Currently there are no guidelines or specific regulations encouraging SME NPL’s workouts</td>
<td>Individual strategies at the financial institutions level are adopted and SME loan restructurings are achieved</td>
<td>BoS data</td>
<td>Absence of new economic shocks; consistent enforcement by BoS of its regulations on NPL recognition and management</td>
</tr>
</tbody>
</table>

**Outcome(s)**

<table>
<thead>
<tr>
<th><strong>Output(s)</strong></th>
<th>Approval of</th>
<th>Understanding of</th>
<th>Segmentation of</th>
<th>BoS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1 Toolkit for</td>
<td>Active</td>
<td>BoS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) This information has already been requested to BoS in the request sent by the WBG in June 2016.
<table>
<thead>
<tr>
<th>Segmentation of SME NPL portfolio</th>
<th>toolkit by BoS and/or Banking Association</th>
<th>the different segments existing within the NPL stock is limited</th>
<th>the NPL stock into different categories</th>
<th>engagement of BoS and Banking Association in providing information required for preparing the toolkit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A.2 Handbook for SME NPL Restructuring</strong></td>
<td>Approval of handbook by BoS and/or Banking Association</td>
<td>Limited capacity exists, both on lenders and borrowers’ side, to reach successful restructurings of SME loans</td>
<td>Set of guidelines and tools for lenders and borrowers to achieve successful restructurings</td>
<td>BoS</td>
</tr>
<tr>
<td><strong>A.3 Workshop on SME NPL Restructuring</strong></td>
<td>WB presents the toolkit and handback at the workshop for banking community and other relevant national stakeholders</td>
<td>Limited capacity exists, both on lenders and borrowers’ side, to reach successful restructurings of SME loans</td>
<td>Raise awareness within the financial community of the existence of the Toolkit, encouraging its application</td>
<td>BoS</td>
</tr>
</tbody>
</table>
INDICATIVE BUDGET
FOR THE ANNEX 1 ACTIVITIES

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Average Number</th>
<th>Amount in Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff and consultant services</td>
<td>4</td>
<td>72,000</td>
</tr>
<tr>
<td>Cost of travel</td>
<td>2</td>
<td>20,000</td>
</tr>
<tr>
<td>Training and workshops</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other services including translation</td>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>95,000</strong></td>
</tr>
<tr>
<td>Administration fee (5%)</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100,000</strong></td>
</tr>
</tbody>
</table>

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

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

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