REIMBURSABLE ADVISORY SERVICES AGREEMENT

on Improving Employability for Inclusive Growth in Hungary

between

MINISTRY FOR NATIONAL ECONOMY OF HUNGARY

and the

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated October 14, 2017
AGREEMENT FOR REIMBURSABLE ADVISORY SERVICES

AGREEMENT (hereinafter “Agreement”) dated the 14 day of October, 2017, between the MINISTRY FOR NATIONAL ECONOMY (hereinafter the “Client”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter the “Bank”).

WHEREAS, the Client has requested the Bank to provide to the Client reimbursable advisory services (hereinafter the “Reimbursable Advisory Services) described in the Schedule to this Agreement to support the Client in improving employability for inclusive growth.

NOW, therefore, the parties hereto agree as follows:

1. **Client Contacts.** In carrying out the Reimbursable Advisory Services, the Bank will work closely with the designated officials of the Client. The Client will provide the Bank with the names and contact information for said designated officials.

3. **Timing.** While the Bank undertakes to mobilize all reasonable means available to it to carry out the Reimbursable Advisory Services in a timely manner, the work program and timetable set out in the Schedule to this Agreement have been prepared in good faith based in light of information currently available to the Bank, and are given on an indicative basis assuming that:

   (i) the Client and its personnel will carry out their respective duties in a satisfactory and timely manner; and

   (ii) the Client will at all times act in a timely manner in providing information, making decisions and providing necessary support as provided herein and as requested from time to time by the Bank.

4. **Payment**

   (a) The Client shall pay the Bank a fixed fee of three hundred thousand Euro (EUR 300,000) in accordance with the following schedule of payment:

- 2 -
<table>
<thead>
<tr>
<th>Amount of Installment</th>
<th>Event upon which Payment is Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>€30,000</td>
<td>Upon submission of Output 1 set forth in the Schedule to this Agreement</td>
</tr>
<tr>
<td>€70,000</td>
<td>Upon submission of Output 2 set forth in the Schedule to this Agreement.</td>
</tr>
<tr>
<td>€100,000</td>
<td>Upon submission of Output 3 set forth in the Schedule to this Agreement.</td>
</tr>
<tr>
<td>€100,000</td>
<td>Upon submission of Output 4 set forth in the Schedule to this Agreement.</td>
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</tbody>
</table>

(b) All payments to the Bank hereunder shall be made in full when due, within 30 days of submission of an invoice by the Bank. The Bank shall invoice payments in EUR upon submission of the corresponding output in English and Hungarian translation. Payment shall be made, in Euro, in immediately available funds, without any deductions whatsoever for taxes, duties, charges or other withholdings, and notwithstanding any pending dispute between the parties, to such account as the Bank may from time to time designate in writing.

5. **Effectiveness.** This Agreement shall become effective as of the day and year first above written, once it has been duly signed by both Parties.

6. **Expiration.** This Agreement shall expire on the date falling eighteen (18) months after the effectiveness date of the Agreement unless it shall earlier be renewed with the mutual agreement of the Client and the Bank.

7. **Notices and Addresses.** (a) All notices required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given or made when delivered by hand or by mail, or facsimile or email to the signatories to this Agreement at their addresses as set out below or such other addresses as may be notified by either party from time to time. Notices forwarded by registered mail shall be deemed to be delivered upon delivery. Notices made by facsimile transmission shall also be confirmed by mail, with their effective date being the date of initial transmission. Notices forwarded by e-mail shall be deemed to be delivered upon delivery and shall also be confirmed by email with their effective date being the date of the initial transmission acknowledgement of receipt.

(b) The following addresses are specified for the purposes of this Agreement:
For the Client:

Ministry for National Economy
1051 Budapest, József nádor tér 2-4.
Hungary
Phone: +36 1 795 1400
E-mail: fszf_ttkarsag@ngm.gov.hu

For the Bank:

The World Bank
1818 H Street, NW
Washington, DC 20433, USA
Phone: (202) 477-1234
Fax: (202) 477-6391
E-mail: skaracsony@worldbank.org

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the day and year indicated below.

MINISTRY FOR NATIONAL ECONOMY

By: [Signature]
Authorized Representative
Printed Name: Varga Mihály
Title: Minister for National Economy
Date: October 14, 2017

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]
Authorized Representative
Printed Name: Cyril Muller
Title: Regional Vice President, Europe and Central Asia
Date: October 14, 2017

Financially countersigned
By: [Signature]
Printed Name: Ivett Pataki
Title: Head of Department
Date: 3rd October 2014
SCHEDULE

Description of the Reimbursable Advisory Services

A. *Reimbursable Advisory Services.* Except as the Client and the Bank may otherwise agree, the Reimbursable Advisory Services shall include the following activities and outputs:

**COMPONENT A. — LABOR MARKET ANALYTICS FOR IMPROVED JOBSEEKER PROFILING**

The Bank will support revisions to the Client’s jobseeker profiling system. For this purpose, the Bank will provide:

1. an inception report that will include a detailed project timeline, implementation roadmap and a tentative outline of each deliverable, including those under Component B;

2. a technical report on labor market analytics which will include:
   
   (a) a review of data on caseworker decisions regarding the reclassification of jobseekers across profiling categories, and recommendations for revising the profiling model;
   
   (b) an analysis of data from administrative sources or available surveys to identify groups of vulnerable individuals on the labor market; and
   
   (c) proposed options to segment at-risk ("Category 3") jobseekers into further categories through a statistical or a qualitative classification process

The Bank will submit a request for access to documents and data required in carrying out activities under Components A no later than ten (10) days after the signing date of this Agreement.

**COMPONENT B: POLICY REFORM RECOMMENDATIONS FOR IMPROVED LABOR MARKET INTERVENTIONS**

The Bank will support policy reform and programs aimed at improving access to labor market programs and related services by providing:

1. a technical report including recommendations for policy reform on the following thematic areas:
(a) aligning vulnerability categories as defined in the current legislation with those suggested by evidence (profiling data, survey data);

(b) summarizing global and regional evidence on the types of interventions that have demonstrated to deliver impact for vulnerable jobseekers;

(c) developing options to improve the integration of human development programs into labor market programs; and

(d) developing multi-channel service delivery options to serve the needs of jobseekers at all levels with varied capacities.

2. a brief synthesis report consolidating and summarizing key findings and policy reform recommendations based on the outputs provided under Components A and B.1.

The Bank will support the Client in carrying out the dissemination of findings from the above activities to its constituencies, relevant stakeholders and interested parties in the academia and civil society through topical seminars, regular consultations, and study tours if the Client so requests.

It is expressly agreed and understood that the Bank shall not be responsible for delay in performance occasioned by the Client’s failure to provide its contribution as set forth in Section D of the Schedule or otherwise cooperate as set forth in Section 16 of the Annex.

Any change to the foregoing scope of work shall be set out in writing in a letter signed by the Client and the Bank, setting out the additional work to be undertaken and the fees in respect thereof.

B. **Timetable.** Except as the Client and the Bank may otherwise agree, the Bank shall endeavor to perform the Reimbursable Advisory Services in accordance with the following tentative timetable:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Indicative Output</th>
<th>Expected time of completion</th>
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<tbody>
<tr>
<td>Component A.1</td>
<td>Output 1. Inception report</td>
<td>30 days after effectiveness date of this Agreement</td>
</tr>
<tr>
<td>Component A.2</td>
<td>Output 2. Technical report on labor market analytics for improved jobseeker profiling</td>
<td>9 months after the Client provides the relevant documents and/or data as requested by the Bank</td>
</tr>
<tr>
<td>Component B.1</td>
<td>Output 3. Technical report including policy recommendations for improved labor market interventions</td>
<td>12 months after the effectiveness date of this Agreement</td>
</tr>
<tr>
<td>Component B.2</td>
<td>Output 4. Synthesis report</td>
<td>2 months after the delivery of Outputs 1, 2 and 3.</td>
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</table>
Each final output will be subject to an approval process by the Client following submission by the Bank. The Client will have 10 working days for review, after which it shall be considered approved unless modifications are requested. If modifications are requested, the Bank will have 10 working days to submit a revised output.

A progress report in English and Hungarian will be submitted within 15 business days following the end of each six months from effectiveness of the Agreement. The progress reports shall include a description of activities completed or in progress in the reporting period and next steps planned for the following reporting period. The progress reports shall be in the format provided as Attachment to this Schedule. The format may be modified upon mutual agreement between the Bank and the Client.

For the purposes of the delivery of progress reports and outputs described in the table above, the Bank shall submit the English version of the said documents along the timeline indicated in this Agreement and shall submit the Hungarian version of the final outputs within a maximum of 15 business days following the English version.

C. Bank Personnel. The Bank will be responsible for determining the appropriate composition of teams needed to fulfil the Reimbursable Advisory Services. The Bank Personnel will include experts specialized in the areas relevant for improving employability for inclusive growth.

D. Counterparts and Facilities. The Client shall provide the following facilities in support of the Reimbursable Advisory Services:

1. The Client shall provide the Bank Personnel with necessary administrative and organizational support for the Reimbursable Advisory Services.

2. The Client shall provide:

   (i) logistical support and personnel to support the Bank for the organization of events under this Agreement up to its capability and capacity;
   (ii) facilities for conducting workshops as described in this Agreement at no extra cost for the Bank, for events involving up to 30 participants. For all workshops and training activities to be conducted pursuant to this Agreement, the Client may provide reasonable expenditures necessary for successful completion of each workshop including, cost of photocopying, refreshments, snacks or other food for the attendees.

3. The Client shall assume responsibility to: facilitate collaboration of the relevant institutions, in particular, but not only Ministry of Interior, Ministry of Human
Capacities and the National Employment Service and coordinate the communication with the relevant stakeholders to:

(i) encourage their timely response to requests made under the Reimbursable Advisory Services;
(ii) provide to the Bank information related to the Reimbursable Advisory Services; and
(iii) facilitate meetings and any other activities related to the development for the activities described in section A of this Schedule.

E. **Records.** The Bank shall keep appropriate records of the Reimbursable Advisory Services in accordance with its normal record-keeping practices and shall furnish to the Client such information regarding the Reimbursable Advisory Services as the Client shall reasonably request. As such, the Bank shall maintain appropriate records for a period of seven years after the end of the Bank’s fiscal year to which the record pertains.
ATTACHMENT TO SCHEDULE

FORMAT OF PROGRESS REPORT

I. Time Period Covered: ________________________________

II. Summary

· Overall Status of Work
· Findings and Conclusions
· Issues and Next Steps

III. Progress by Output

1. Output 1:
   a. Activities and Analysis Completed
   b. Next steps

2. Output 2:
   a. Activities and Analysis Completed
   b. Next steps

3. Output 3:
   a. Activities and Analysis Completed
   b. Next steps

4. Output 4:
   a. Activities and Analysis Completed
   b. Next steps
1. **Performance Standard; Non-Exclusivity.** The Bank hereby shall carry out the Reimbursable Advisory Services with the same care and diligence as it uses in its other analytical and advisory activities. The engagement of the Bank as adviser to the Client hereunder is non-exclusive and shall not restrict the Client from engaging other advisers on the same or related issues.

2. **Bank Personnel.** The Bank shall, in its sole discretion, determine the composition of the staff (including staff holding consultant appointments) ("Bank Personnel") assigned to perform the Reimbursable Advisory Services. The Schedule to this Agreement contains an indicative list of Bank Personnel likely to be involved in carrying out the Reimbursable Advisory Services; provided, however, that the Bank retains at all times the right to assign such other person or persons in addition to, or substitution for, any of the persons appearing on that list as the Bank may deem necessary or appropriate in the performance of its duties hereunder. The Client may, if it has reasonable cause for dissatisfaction with the performance of any of the Bank Personnel, request the Bank to replace such person(s). For avoidance of doubt, it is agreed and understood that this Agreement does not create any employment or other contractual relationship between the Client and Bank Personnel.

3. **Client Contributions.** The Client shall carry out the activities and provide the facilities and other arrangements set out in the Schedule to this Agreement.

4. **Bank Operational Policies.** The Bank shall provide its advice in a manner consistent with its relevant environmental and social safeguards policies.

5. **Confidentiality.** The Parties agree that this Agreement and the outputs set out in the Schedule to this Agreement shall only be made available to the public after the Client has given its written consent to such disclosure. For this purpose, the Client hereby authorizes the Bank to publicly disclose this Agreement and the outputs set out in the Schedule to this Agreement in their final form. With respect to underlying information provided by the Client in support of the Reimbursable Advisory Services, the Client reserves the right to designate said information as confidential. The Bank may publicly disclose such information only after the Client has given its prior consent. With respect to underlying information (other than the final outputs) provided by the Bank in support of the Reimbursable Advisory Services, the Bank reserves the right to designate said information as confidential. The Client may publicly disclose such information only after the Bank has given its prior consent.
6. **Intellectual Property.** The intellectual property rights of the Parties in any of its pre-existing data or documents used by the Bank in connection with the Reimbursable Advisory Services shall remain with that Party. The intellectual property rights in new materials prepared by the Bank in connection with the Reimbursable Advisory Services shall belong to the Client; provided, however, that the Bank shall have the global, non-exclusive, perpetual (for the duration of the copyright), fully sublicensable and royalty-free right to use, copy, display, distribute, publish and create derivative works of all or part of these materials and incorporate the information therein in its research, papers, publications, web sites, and other media without the consent of the Client, subject to the limitations on disclosure of confidential information and any third party rights, as indicated in paragraph 5, **Confidentiality,** of this Annex.

7. **Representation of the Bank’s views and use of the Bank’s name, marks and logo.** (a) The Client agrees that it shall not represent, or permit the representation of, the Bank’s views without the prior written consent of the Bank.

   (b) The Client further agrees that it shall not use, or permit the use of the Bank’s name, marks or logos in any advertisements, promotional literature or information without the prior written consent of the Bank, and that if such consent is provided that it shall use the name, marks and logos strictly in accordance with the permission provided and with the insertion of the Bank’s usual disclaimers.

   (c) Both parties shall include the appropriate attribution and disclaimers in new materials prepared in connection with the Reimbursable Advisory Services.

8. **Disclaimers and Liabilities.**

   (a) While the Bank will make diligent efforts in its performance of the Reimbursable Advisory Services, the Bank makes no express or implied representation or warranty as to the extent of success that may be achieved in the implementation of any recommendation contained in any work product prepared by or with the assistance of the Bank or Bank Personnel.

   (b) Without limitation to the immunities and privileges of the Bank under its Articles of Agreement and other applicable rules of law, the Bank shall not be liable to the Client or other third party for any loss, cost, damage or liability that the Client shall incur as a result of the Reimbursable Advisory Services, unless those resulting from the gross negligence or willful misconduct of the Bank or Bank Personnel. Notwithstanding
anything herein, the Bank’s liability, if any, to the Client hereunder shall not extend to any indirect, punitive or consequential damage, loss of profit or loss of opportunity, nor shall it exceed the amount of the professional fees received by the Bank for its account under this Agreement.

(c) The Parties acknowledge and agree that it is not the purpose of this Agreement to create a partnership, joint venture or similar arrangement whereby the parties could be held jointly liable vis-a-vis third parties or for any other purposes. Nothing herein shall constitute a commitment by the Bank to provide financing to the Client in respect of a project or otherwise.

9. **Governing Law.** This Agreement is governed by, and shall be construed in accordance with, the laws of England.

10. **Settlement of Disputes.** (a) The parties hereto will endeavor in good faith to resolve any differences and disputes under, or in connection with, this Agreement by amicable settlement. Any dispute arising out of or in connection with this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. In the event of a conflict between the UNCITRAL Arbitration Rules and the terms of this Agreement, the terms of this Agreement shall govern. The place of arbitration shall be London, and the language of arbitration shall be English.

(b) Neither the Client nor the Bank shall be entitled in any proceeding under paragraph (a) of this Section to assert any claim that any provision of these Standard Conditions or of the Reimbursable Advisory Services Agreement is invalid or unenforceable because of any provision of the Bank’s Articles of Agreement.

11. **Privileges and Immunities; Tax Immunity.** The Client recognizes and shall take all reasonable steps to give effect to the status, immunities and privileges of the Bank and its Personnel set forth in the Bank’s Articles of Agreement and other applicable rules of law. The parties acknowledge and agree that no provision of this Agreement, nor the submission to arbitration by the Bank, in any way constitutes or implies a waiver, renunciation, termination, or modification by the Bank of any privilege, immunity or exemption of the Bank granted in the Bank’s Articles of Agreement and other applicable rules of law. This includes, inter alia, the immunity of the Bank, its assets, income and its operations and transactions, from all taxation and customs duties.
12. **Amendments.** Any amendment or waiver of, or any consent given under, any provision of this Agreement shall be in writing and, in the case of an amendment, signed by the Parties.

13. **Saving of Rights.** No course of dealing and no failure or delay by any party hereto in exercising any power, remedy, discretion, authority or other right under this Agreement shall impair, or be construed to be a waiver of or an acquiescence in, that or any other power, remedy, discretion, authority or right under this Agreement, or in any manner preclude its additional or future exercise.

14. **Successors and Assignees; No Assignment without Consent.** This Agreement binds and benefits the respective successors and assignees of the parties, provided that none of them may assign this Agreement in whole or in part without the prior consent of the other.

15. **Entire Agreement and Counterparts.** (a) This Agreement, together with its Schedule and Annex, constitutes the entire agreement among the parties hereto and supersedes any and all prior agreements, understandings and arrangements, oral or written, between the parties with respect to the subject matter hereof.

(b) This Agreement may be executed in several counterparts, each of which is an original, but all of which constitute the same agreement.

16. **Cooperation.** (a) The Client shall at all times provide the Bank in a timely manner with any and all information that may affect the performance of the Reimbursable Advisory Services, inform the Bank of any developments relating to the Reimbursable Advisory Services, and do all things necessary to enable Bank Personnel to carry out the Reimbursable Advisory Services hereunder. The Client shall, in particular, without limitation:

(i) provide to the Bank all information on the Client and the Advisory Services as may be necessary for the purpose;

(ii) permit Bank Personnel to visit the Client’s site(s) and facilities, and to have access to records relevant to the Advisory Services and to Client employees and managers;
(iii) promptly notify the Bank of any proposed change in the nature or scope of the Advisory Services and of any event or condition which has or could reasonably be expected to have a material effect on the performance of the Services; and

(iv) promptly provide to the Bank such other information as the Bank from time to time reasonably requests about the Advisory Services.

(b) It is expressly agreed and understood that the Bank shall bear no responsibility for delay in performance occasioned by the Client's failure to provide its contribution as set forth in Section D of the Schedule or otherwise cooperate as set forth in paragraph (a) above.

17. **Termination.** Notwithstanding termination or expiration of this Agreement, the provisions of this Agreement relating to

   (i) obligation of confidentiality under Section 5 of this Annex,

   (ii) the obligations spelled out in Section 6 on Intellectual Property and Section 11 on Privileges and Immunities of this Annex; and

   (iii) the obligation of the Client to pay to the Bank remuneration for the Reimbursable Advisory Services performed prior to the date of termination or expiration of the Agreement, as well as reimbursement of any reasonable costs related to the termination of the Agreement by the Client, shall continue in full force and effect.