REIMBURSABLE ADVISORY SERVICES AGREEMENT

between

MINISTRY OF HUMAN CAPACITIES OF HUNGARY

and the

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated March 17, 2015
AGREEMENT FOR REIMBURSABLE ADVISORY SERVICES

AGREEMENT dated the 17th day of March 2015, between MINISTRY OF HUMAN CAPACITIES OF HUNGARY (the “Client” or “MoHC”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”).

WHEREAS, the Government of Hungary and the Bank have entered into a Memorandum of Understanding on Partnership and Support to Implement the Structural Reform Program dated November 27, 2012.

WHEREAS, the Client has requested the Bank to provide to the Client reimbursable advisory services (the “Reimbursable Advisory Services” or “RAS”) described in the Schedule to this Agreement to support the Hungarian Government in developing policies and programs that promote the local implementation of the National Social Inclusion Strategy – Extreme Poverty, Child Poverty, the Roma 2011-2020 (NSIS).

NOW, therefore, the parties hereto agree as follows:

1. **Reimbursable Advisory Services.** The Bank shall provide to the Client the services (“Reimbursable Advisory Services” or “RAS”) described in the Schedule to this Agreement, on the terms and conditions set out in this Agreement, including the Annex hereto, which constitutes an integral part hereof.

2. **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 two hundred ninety thousand Euro (EUR 290,000) in accordance with the following schedule of payment:

<table>
<thead>
<tr>
<th>Amount of Installment</th>
<th>Event upon which Payment is Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. €69,000</td>
<td>Within 21 business days of the effectiveness date of this Agreement</td>
</tr>
<tr>
<td>2. €93,500</td>
<td>Upon the submission of all deliverables set forth in Component A of Section A of the Schedule to this Agreement.</td>
</tr>
<tr>
<td>3. €127,500</td>
<td>Upon submission of all deliverables set forth in Component B of Section A of the Schedule to this Agreement.</td>
</tr>
</tbody>
</table>

(b) All payments to the Bank hereunder shall be made in full when due, upon submission of an invoice by the Bank. 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 November 30, 2015 unless it shall earlier be renewed with the mutual agreement of the Client and the Bank.

7. **Termination.** Either the Client or the Bank may terminate this Agreement prior to its expiration upon ninety (90) days’ written notice to the other. Upon receipt of such notice, the parties shall take all appropriate steps to terminate in an orderly manner the activities then ongoing under the Reimbursable Advisory Services and to settle promptly all outstanding matters.

8. **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 facilities, and to have access to books and records relevant to the Advisory Services and to Client staff working in relation to the Advisory Services to be provided by the Bank;

(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 to be performed by the Bank.

(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.

9. **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 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.

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

For the Client:
Ministry of Human Capacities of Hungary
1054 Budapest, Akadémia u. 3
Hungary
Phone: +36-1-795-1200
For the Bank:

The World Bank
1818 H Street, NW
Washington, DC 20433
USA

Phone: (202) 477-1234
Fax: (202) 477-6391

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 OF
HUMAN CAPACITIES
OF HUNGARY

By: KATALIN LANGERNÉ VICTOR
Authorized Representative
Deputy State Secretary for Social Inclusion
Date: March 03, 2015

INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT

By: ELISABETTA CAPANNELLI
Authorized Representative
Country Manager
Date: March 10, 2015
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: TARGETING AND MONITORING FOR RESULTS ON SOCIAL INCLUSION**

The Bank will provide support to the MoHR on the targeting and results-based monitoring of social inclusion programs supported by EU funds.

As part of the Advisory Services, the Bank will carry out the following activities:

1. Prepare a study describing methodological approaches and indicators for mapping marginalized communities at the municipal level, and identifying different types of marginalized communities according to levels of deprivation and needs.

2. Provide up to 4 weeks of expert support for data analysis to the staff of the Client and the Central Statistical Office (CSO) working on administrative and census data in the development of a map of marginalized communities.

3. Design a draft results and impact map of social inclusion, which draws on project information from the National Development Agency (NDA), includes layers of geospatial information (such as local-level indicators) and linkages with the map of at-risk-of-poverty estimates at the Local Area Unit 1 (LAU1) level which is being prepared by the Bank in collaboration with the Hungarian Central Statistical Office under a separate arrangement financed by the European Commission.

**COMPONENT B: DEVELOPMENT OF A LOCAL FRAMEWORK FOR THE IMPLEMENTATION OF THE NATIONAL SOCIAL INCLUSION STRATEGY (NSIS)**

The Bank will support the efforts of the MoHC to develop a robust framework for 2014-2020 for local social inclusion activities by developing a local project planning and implementation handbook, which will provide practical tools for the 2014-2020 local planning process based on four criteria: (1) need to link to the NSIS; (2) evidence based, (3) vertical integration with the national level, including with any relevant development plans and strategies; and (4) informed by the priorities and technical expertise from a broad set of governmental and nongovernmental stakeholders at municipal, district, and national level.

As part of the Advisory Services, the Bank will carry out the following activities:
1. Prepare a study outlining relevant international and local practices for social inclusion of disadvantaged groups. The study will (i) provide an overview of the status of Roma communities, highlighting key indicators on poverty (based on individual / family income, using the EU indicators of poverty) and human development (education, health, housing, employment); (ii) establish guiding criteria for identification of good and/or promising practices for social inclusion; (iii) identify good and/or promising practices on social inclusion within and outside the European Union with particular emphasis on practices within Hungary.

2. Prepare a draft project planning and implementation handbook for social inclusion to be used by local-level stakeholders. The draft handbook will include tools for: (i) conducting needs assessment and developing a monitoring framework (with specific indicators to be measured), the types of information sources local municipalities can draw on to collect the data for the needs assessment, and examples of ways in which community members and CSOs can contribute to the data collection and needs assessment process; (ii) taking stock of existing activities, and identifying gaps and opportunities for synergies in the context of the priority areas of the NSIS, and the outcome of the needs assessment; and (iii) identifying specific funding sources that could fund addressing social exclusion.

In carrying out these advisory activities, the Bank Personnel will work in close cooperation with the Ministry of Human Capacities (MoHC), the Ministry for National Economy (MfNE), the Central Statistical Office of Hungary (CSO), the National Development Agency (NDA), MHR’s background institution, the Túrr István Institute for Training and Research (TKKI), other relevant governmental institutions as well as local level stakeholders.

The Bank will collaborate with local authorities in one or more of the most disadvantaged micro-regions (“LHH”) to validate the feasibility of applying the draft project planning and implementation handbook with stakeholders at local levels to refine the tools and guidance. LHHs participating in the validation exercise will be selected along a set of priority factors jointly determined by the Bank and MHR.

Following acceptance of the outputs under Components A and B by the MoHC, the Bank will organize a dissemination workshop in Budapest with representatives from the relevant institutions involved and a dissemination workshop in one of the most disadvantaged micro-regions (LHH) in Hungary. The list of invitees will be determined jointly between the Bank and the Client.

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:
### A. Targeting and Monitoring for Results on Social Inclusion

<table>
<thead>
<tr>
<th>Output</th>
<th>Expected time of completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study on methodological guidance for mapping marginalized communities</td>
<td>5 months after Effectiveness date</td>
</tr>
<tr>
<td>at the local level</td>
<td></td>
</tr>
<tr>
<td>4 weeks of technical expert support to developing a map of marginalized</td>
<td>6 months after Effectiveness date</td>
</tr>
<tr>
<td>communities at the local level</td>
<td></td>
</tr>
<tr>
<td>A social inclusion results and impact map</td>
<td>4.5 months after Effectiveness date</td>
</tr>
</tbody>
</table>

### B. Developing a Local Implementation Framework of the NSIS

<table>
<thead>
<tr>
<th>Output</th>
<th>Expected time of completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study on social inclusion of disadvantages groups good practices</td>
<td>6.5 months after Effectiveness date</td>
</tr>
<tr>
<td>A draft project planning and implementation handbook for social</td>
<td>8.5 months after Effectiveness date</td>
</tr>
<tr>
<td>inclusion to be used by local-level stakeholders</td>
<td></td>
</tr>
</tbody>
</table>

A progress report in English and Hungarian will be submitted within 15 business days following the end of each calendar quarter. The progress reports shall include a description of activities completed or in progress in the quarterly 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 reports and outputs described in the table above, the Bank shall submit the English version of the reports and outputs along the timeline indicated in this Agreement and shall submit the Hungarian version of the final reports and outputs within a maximum of 15 business days following the English version.
Each final output (except Output B.2) 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.

C. **Bank Personnel.** The following is an indicative list of the persons likely to be involved in carrying out the Reimbursable Advisory Services: one Lead Economist, one Human Development Sector Leader, three Senior Social Development Specialists and one Economist.

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

1. The Client shall provide facilities for conducting workshops as described in this Agreement. 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.

2. In carrying out the Advisory Activities, the Client shall facilitate contact between Bank Personnel and the staff of the Client, the Ministry for National Economy (MiNE), the CSO, the NDA, and other relevant stakeholders. Unless otherwise agreed, the Client shall provide to the Bank, not later than 4 weeks after the effectiveness of this Agreement, requested available data to allow the Bank to carry out the services in accordance with the table in Section A of this Schedule. The Client shall also facilitate the collaboration between the Bank Personnel and local authorities in one or more of the most disadvantaged micro-regions with the purpose of validating the feasibility of applying the “project planning and implementation handbook”.

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
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 (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;¹ 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 1.

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

1 if the Client is paying more than 50% of the total cost of the RAS arrangement.
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 the 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 RAS 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. **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 Sections 6 on Intellectual Property and 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.