OFFICIAL DOCUMENTS

Administration Agreement between the European Commission on behalf of the European Union and the International Bank for Reconstruction and Development concerning the Part II Europe 2020 Programmatic Single-Donor Trust Fund (No. TF072865)
(EC Contract No 387-496 – RESULTS ORIENTED REVIEW OF THE DELIVERY OF JUSTICE TO CITIZENS AND BUSINESSES IN MONTENEGRO)

This Administration Agreement is concluded under Direct Management in the context of the Framework Agreement between the World Bank Group and the European Commission dated April 15, 2016 which sets the general conditions for this Agreement. The Framework Agreement 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 three hundred thousand Euro (€300,000) (the “Contribution”) for the Part II Europe 2020 Programmatic Single-Donor Trust Fund, TF072865 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is three hundred thousand Euro (€300,000). The indicative budget set out in Annex 5 shall be used for monitoring purpose only and shall not be binding.

2. The Contribution shall be used to finance the activities set forth in the “Part II Europe 2020 Programmatic Single-Donor Trust Fund Description” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement, including the “Standard Provisions” attached hereto as Annex 2 and “Governance” attached hereto as Annex 3.

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

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

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

- (A) Promptly following countersignature – €210,000
- (B) €90,000 subject to the disbursement of 70% of the preceding installment.

The period for payment of further installments 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 hereinafter referred to as an “Installment” upon submission of a payment request by the Bank:

(A) Promptly following countersignature – €210,000
(B) €90,000 subject to the disbursement of 70% of the preceding installment.

The period for payment of further instalments shall be 60 days.
The period for payment of the balance shall be 60 days.
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”):

Mr. Srdjan Svircev
Public Sector Specialist
Governance Global Practice
The World Bank
Bulevar Kralja Aleksandra 86
11000 Belgrade
Tel: +381 11 3023713
E-mail: ssvircev@worldbank.org

For the Donor (the “Donor Contact”):

Head of Cooperation
EU DELEGATION TO MONTENEGRO
Vuka Karadžića 12, 81000 Podgorica
Tel.: +382 (0) 20 444 600
E-mail Andre.LYS@eeas.europa.eu
Web: www.delmne.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.

WORLD BANK

By:  
Name: Ieva Van Gelder  
Title: Representative of the European Commission  
Date: 02-Aug-17

EUROPEAN UNION represented by the EUROPEAN DELEGATION TO MONTENEGRO

By:  
Name: Aivo Orav  
Title: Head of EU Delegation to Montenegro  
Date: 18-Oct-17
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 Trust Fund objectives 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 sub-objectives and 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 Montenegro to inform stakeholders on how to strengthen justice system performance in Montenegro through a review ("Review") of current performance and recent achievements.

Such review will provide a comprehensive assessment of the current performance and results emerging from the justice system, with options and recommendations to inform for the next phase of justice reform initiatives in view of the requirements of Chapter 23 (Judiciary) of the Acquis Communautaire (AP). In doing so, it will present a comprehensive picture of results in the area of rule of law and will provide quantitative findings that will enable Montenegro to assess the impact of future justice reform initiatives for the next period. Its structure and design is tailored to suit the Montenegrin context and the timing of the request and were based on consultations with key stakeholders.

The focus of the Review will be on the actual implementation and day-to-day functioning of the institutions that deliver justice. The Review will be sector-wide but focuses primarily on the courts because they are the main vehicle for delivering justice and the primary institutions of justice. The Review will also focus on the key areas defined by the Screening Report for Montenegro, EU Common Position on Chapter 23 of 12 December 2013, and the current Chapter 23 AP and the National Judicial Reform Strategy Action Plan.
The key feature of the Review is its emphasis on objective data and analysis. Analysis will draw on a mix of quantitative and qualitative data, including statistical analysis of case management, finance and human resource data, a multi-stakeholder experience and perception survey, focus group discussions, workshops and key informant interviews. For each assessment made in the Review, multiple sources will be triangulated.

The Review will not assess Montenegro's compliance with law and is not carried out for the purpose of providing legal advice.

**Indicative Output and Timeline**

<table>
<thead>
<tr>
<th>Indicative Timeline</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>A Methodology</td>
<td></td>
<td></td>
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<tr>
<td>Development</td>
<td></td>
<td></td>
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<tr>
<td>A.1 Diagnostics</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>A.2 Data Collection</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>B. Analysis and</td>
<td></td>
<td></td>
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<tr>
<td>Recommendations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.1. Analysis</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>B.2. Consultations</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>B.3. Recommendations</td>
<td></td>
<td></td>
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<tr>
<td>B.4. Dissemination</td>
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</tbody>
</table>

3. **Eligible Expenditures**

3.1 For Bank-executed activities, the Trust Fund funds may be used to finance:

   (a) Staff and individual consultant services;
   (b) Cost of travel;
   (c) Cost of 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.
STANDARD PROVISIONS

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

1. Administration of the Contributions

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration Agreement and shall not be subject to any other duties or responsibilities to the Donor, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Administration Agreement shall be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 The Donor’s Contribution shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank’s obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor.

2. Management of the Contributions

2.1 The funds deposited in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund shall be held is Euro (the “Holding Currency”).

2.3 The Donor agrees to deposit its Contributions in the Contribution Currency stated in the Administration Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank shall convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.

2.5 The Bank shall invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable policies and procedures for the investment
of trust funds administered by the Bank. The Bank shall transfer all income from such investment to the Donor’s applicable donor balance account with the Bank.

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 **quarterly** 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 September 30, 2018 (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 OF THE ACTIVITIES

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.

GOVERNANCE FOR THE ACTIVITIES SET FORTH IN SECTION 2 OF ANNEX 1 TO THIS ADMINISTRATION AGREEMENT

Working Modalities

The Bank will be in charge of the implementation of the activities and shall consult with the EU delegation regularly.

The EU delegation will take all appropriate measures to facilitate the Bank's work in the performance of the activities, including, facilitating contacts with the Montenegrin authorities.

The activities will be undertaken in close collaboration with the EU delegation, and the Montenegrin counterpart public agency, or any legal successor thereto.

The Bank shall report to the EU delegation on the implementation of the Action in accordance with the Framework Agreement. In particular, the Bank will deliver quarterly progress reports in accordance with Article 5.3 of the Framework Agreement.

The Bank and EU delegation 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.
## INDICATIVE RESULTS INDICATORS FOR THE 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>Action Plan for Chapter 23 updated and revised based on the assessment of current performance of justice system in Montenegro</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome(s)</strong></td>
<td>Methodology and scope of result oriented review of the delivery of justice adopted and implemented</td>
<td>0</td>
<td>1</td>
<td>Report on delivery of justice in Montenegro</td>
<td>Funding available to mobilize teams Agreement reached with the Ministry of Justice and key national stakeholder on methodology for performance review</td>
</tr>
<tr>
<td></td>
<td>Recommendations derived from conducted result oriented review translated into concrete implementation roadmaps, endorsed by the Ministry of Justice</td>
<td>No</td>
<td>Yes</td>
<td>Action Plan for Chapter 23</td>
<td>Data needed for analysis is available Focal points in judicial institutions available Team at the Ministry of Justice and in judicial institution reviews findings and recommendations</td>
</tr>
<tr>
<td></td>
<td>Number of consultative meetings with judicial stakeholders to disseminate findings and recommendations from performance review</td>
<td>0</td>
<td>5</td>
<td>Final report</td>
<td>Respective Ministers and their officers cooperate with the review teams</td>
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<tr>
<td><strong>Output(s)</strong></td>
<td>Methodology note for result oriented review of the delivery of justice in Montenegro</td>
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<tr>
<td></td>
<td>Draft report</td>
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<tr>
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<td>Dataset used in the analysis</td>
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<tr>
<td></td>
<td>Materials (ppt, handouts, etc.) from workshops/presentations</td>
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<tr>
<td></td>
<td>Final report</td>
<td></td>
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</table>
**ANNEX 5**

**INDICATIVE BUDGET**

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount in Euro</th>
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</thead>
<tbody>
<tr>
<td>Staff and consultant services</td>
<td>215,000</td>
</tr>
<tr>
<td>Cost of travel</td>
<td>40,000</td>
</tr>
<tr>
<td>Cost of Workshop</td>
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</tr>
<tr>
<td>Other services including translation</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>285,000</strong></td>
</tr>
<tr>
<td>Administration fee (5%)</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>300,000</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 the Annex 1.

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 the Action.