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

1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the "Bank") acknowledges that the European Commission (the "Donor", and together with the Bank, the "Parties" and each a "Party") agrees to provide the sum of fifteen million five hundred thousand Euros (Euros 15,500,000) (the "Contribution") for the Strengthening PFM Oversight and Accountability Institutions in Iraq Multi-Donor Trust Fund, No.TF073031 (the "Trust Fund"), in accordance with the terms of this Administration Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Administration Agreement.

2. The Contribution shall be used to finance the activities set forth in the "Strengthening PFM Oversight and Accountability Institutions in Iraq Multi-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 the provisions on "Governance" attached hereto as Annex 3.

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  Euro  5,500,000
   (B) By March 01, 2019  Euro  7,000,000
   (C) By March 01, 2020  Euro  3,000,000

The period for payment of further Installments shall be 90 days.
The period for payment of the balance shall be 90 days.

4. The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund. If the Bank determines, on the basis of the speed of the implementation of the activities and availability of funds in the Trust Fund, that it is necessary to either bring Installments forward or delay them, the Bank and the Donor will discuss and agree to revise the Installment schedule, as confirmed by the Bank to the Donor in writing.
5. 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 TF073031 (the Strengthening PFM Oversight and Accountability Institutions in Iraq Multi-Donor Trust Fund), the Commission internal reference number and the date of the Administration Agreement, and 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.

6. 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"):

Emmanuel Cuvillier
Senior Public Sector Specialist
GGOMN
The World Bank
1818 H Street NW Washington DC 20433 USA
Tel: 1 (202) 473-9593
E-mail: ecuvillier@worldbank.org

For the Donor (the "Donor Contact"):

Raffaela Iodice
Head of Unit F2 "Development Coordination Middle East, Central Asia, South Asia"
J54 06/009
Rue Joseph II, 54
B 1049 Brussels, Belgium
Tel: +32 229 66175
E-mail: Europeaid-F1@ec.europa.eu

Copied to:
Delegation of the European Union to the Republic of Iraq
Baghdad, Iraq
E-mail: Augusto.Picagli@eeas.europa.eu; Delegation-Iraq@eeas.europa.eu

7. 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. When making any deposit, the Bank shall 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 Bank in relation to TF073031 (Strengthening PFM Oversight and Accountability Institutions in Iraq Multi-Donor Trust Fund), and the date of the deposit. The Bank shall provide a copy of such information to the Donor.
8. Pursuant to Article 13.3 (b) of the Framework Agreement, the Bank shall charge an Indirect Rate (as defined in Annex 1 to this Administration Agreement) of 17% of direct costs of their personnel and consultants directly assigned to the Bank-executed activities, for which the Bank has operational responsibility, as described in Section 2.1 of Annex 1 to this Agreement.

Bank-executed Trust Fund expenditures listed in Annex 1 to this Agreement relate only to those Bank-executed activities for which the Bank has operational implementation responsibility under the Trust Fund. They do not include the cost of Bank corporate services in support of the work carried out by its operational units implementing trust funds.

9. An indicative budget shall be available at Development Partner Center website and shall be used for monitoring and reporting purposes only and shall not be binding and may be revised from time to time by the Bank provided the Action is carried out as described in Annex 1 and the Donor is informed beforehand.

10. Expected results and corresponding indicators (including baselines, result goals and sources of data) are set out in the indicative results framework of the Trust Fund and shall be available in Annex 4 to this Agreement and Development Partner Center website. Any modifications and/or updates to the indicative results framework shall be reflected in the Development Partner Center website. The expected results and indicators shall be used for monitoring and evaluation purposes only and shall not be binding. Progress against such indicative results framework shall not be taken into account to determine the final amount of the Contribution to the Trust Fund by the European Commission.

11. The Implementation Period shall start on March 02, 2018.

12. Individual procurement and grant contracts under this Administration Agreement shall be signed by the World Bank Group entity no later than thirty-six (36) months.

13. As allowed by Article 2.6 of the Framework Agreement, the following derogations from the Framework Agreement shall apply:

Annex 1 and Annex 2 of this Administration Agreement, reflecting differences with the analogous Annexes in the model Administration Agreement attached to the Framework Agreement dated April 15, 2016, apply to all donors to this Trust Fund because the Trust Fund is a joint multi-donor initiative. Nevertheless, in the event of a conflict with the provisions of the Framework Agreement, dated April 15, 2016, the provisions of the Framework Agreement dated April 15, 2016 shall take precedence.

14. The measures taken to identify the European Union as a source of financing shall be in accordance with Attachment 4 of the Framework Agreement.

15. All annexes hereto and the Framework Agreement 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 provided, however, that any annexes to this Administration Agreement may be amended only by written amendment of all donors contributing to the Trust Fund.
16. 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
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: Sarnia Kumar Jha
Name: Sarnia Kumar Jha
Title: Regional Director of the Middle East Department
Date: 8/10/2018

EUROPEAN UNION represented by the Commission of the European Communities

By: Rachida IODICE
Name: Rachida IODICE
Title: Head of Unit
Date: 27/8/18
Strengthening PFM Oversight and Accountability Institutions in Iraq
Multi-Donor Trust Fund Description

This Annex shall be applicable to and form an integral part of all administration agreements for the Trust Fund (collectively, the “Administration Agreements” and each an “Administration Agreement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

1. Objectives

The objective of the Trust Fund is to improve good governance to help build trust of Iraqi citizen’s in their government through enhanced transparency and accountability, and expansion of social safety nets to reach the most vulnerable segments of the population.

2. Activities

The activities to be financed by the Trust Fund are:

2.1. Bank-executed activities, for which the Bank has implementation responsibility:

(a) Program management and administration activities for the Trust Fund, including but not limited to, supporting any program governance arrangements and Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the program.

(b) Implementation Support. Provide implementation support to Recipient-executed activities.

2.2. Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

(a) Effective Development Partners' Coordination on PFM Reforms: Providing a platform to enable development partner coordination and dialogue with the government on public financial management (PFM) and, to ensure harmonized and coordinated support to PFM reforms.

(b) Strengthening Payroll Reporting and Oversight: Supporting Federal and KRG efforts to combat payroll fraud, waste and inefficiency through development of systems that strengthen payroll expenditure monitoring and controls.

(c) Enhancing Efficiency and Accountability in Public Procurement: Supporting the Federal and KRG Ministries of Planning (MOP) in modernizing the public procurement system through technological enablement and promoting business conduct by public officials and private sector participants in the procurement process.
3. Improving the Supervision of Non-Financial SOEs: Improving federal and Kurdistan regional government capacity to monitor the activities of non-financial state-owned enterprises (SOEs) and enhance fiscal transparency, reporting, and accountability of SOEs.

3.1. (d) Improving the Legal and Regulatory Framework: Improving the effectiveness of the legislative and regulatory reviews at the federal and Kurdistan Regional Government levels and raise public awareness of the role of the Shura councils.

(e) Supporting Fiscal Transparency: Supporting the Government of Iraq (GOI) in improving fiscal transparency and promoting public participation and accountability in the federal budget process.

(g) Strengthening Legislative Budget Oversight: Strengthening the fiscal oversight capacities and arrangements of the relevant parliamentary finance and budget committees at the federal and KRG levels.

(h) Strengthening the External Audit Function: Supporting the Federal Board of Supreme Audit (FBSA) and the Kurdistan Board of Supreme Audit (KRG BSA) to enhance the effectiveness of their audits and strengthen their overall communication and coordination with the legislative bodies.

(i) Confronting and Combating Corruption: Developing stronger capacities, coordination and reducing overlaps among accountability institutions to increase their effectiveness in reducing corruption in a systematic manner in the Federal Government of Iraq and the Iraqi Kurdistan Regional Government (KRG).

3. Eligible Expenditures

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

(a) staff costs (excluding short term consultants and temporaries);
(b) short-term consultants and temporaries;
(c) contractual services;
(d) media, workshops, conferences and meetings; and
(e) travel expenses.

3.2. For purposes of this paragraph 3: (i) “staff costs (excluding short term consultants and temporaries)” includes salaries, benefits and the Indirect Rate charged to the Trust Fund as applicable under Bank policies and procedures; and (ii) “short term consultants and temporaries” includes fees and the Indirect Rate charged to the Trust Fund as applicable under Bank policies and procedures.

3.3. The “Indirect Rate” means the indirect rate, defined as a percentage of personnel costs and available at the Development Partner Center website, as such rate may be revised from time to time by the Bank and applied to this Trust Fund, in accordance with its policies and procedures.
3.4. For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) consulting services;
(b) goods;
(c) operating costs; and
(d) training

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. **Indicative Results Framework**

5.1. An indicative Results Framework for the activities financed by the Trust Fund prepared by the Bank (the “Results Framework”), in consultation with the Donors, shall be available at the Development Partner Center website. Such Results Framework, may be revised by the Bank from time to time, in consultation with the Donors, and shall be used for monitoring and evaluation purposes only.

6. **Indicative Budget**

6.1. The Bank shall provide indicative budget information for the Trust Fund at the Development Partner Center website, which may be updated periodically by the Bank in consultation with the Donors. Such budget information is for informational purposes only.

7. **Retroactive Financing**

7.1. The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of March 02, 2018 in accordance with the Bank’s applicable policies and procedures.
Standard Provisions

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. Administration of the Contributions

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

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

2. Management of the Contributions

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

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

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

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

3. **Accounting and Financial Reporting**

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

3.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the Development Partner Center website which will be updated quarterly. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions shall be made available to the Donors via the Development Partner Center website.

3.3. The Bank shall provide to the Donors via the Development Partner Center website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management report together with an audit opinion 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.

3.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be borne by the requesting Donor.

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

4. **Progress Reporting; Review or Evaluation of Activities; Financial Management**

4.1. The Bank shall provide the Donors with semi-annual written progress reports by June 30th and December 31st. The progress reports shall be provided with reference to the results framework agreed by the Bank and the Donors, as such Results Framework may be reviewed by the Parties from time to time. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative progress report for the Trust Fund.

4.2. Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of the Trust Fund. 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.

4.3. The Bank shall, consistent with its policies and procedures, take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the Trust Fund funds, and include provisions in its agreements with Recipients to give full effect to the relevant Bank guidelines on fraud and corruption.

4.4. In the event that the Bank determines that there are credible and material allegations of fraud, corruption, collusion or coercion in relation to Recipient-executed and/or Bank-executed activities financed by the Trust Fund that result in the Bank opening an investigation into such allegations (an “Investigation”), the Bank shall, in accordance with its applicable policies and procedures:

(i) take timely and appropriate action with respect to such allegations and, where relevant, seek appropriate redress, including potential sanctions;

(ii) as soon as practicable, inform the Donors of the outcome of the Investigation, provided that the Donors agree to keep such information confidential pursuant to paragraph 6.3 of Annex 2, unless such information is already publicly available;

(iii) on a case by case basis, decide whether to share information with Donors on an active Investigation, and provided that the Donors agree to keep such information confidential pursuant to paragraph 6.3 of Annex 2;

(iv) take all necessary actions to recover funds that are the subject of an Investigation where the Bank has determined it as appropriate; and

(v) to the extent that any funds are refunded to the Trust Fund following an Investigation, the Bank shall use such funds for the same purposes as the Contributions, unless otherwise agreed between the Bank and each Donor.

5. **Disbursement; Cancellation; Withholding of Payments**

5.1. It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by February 28, 2021 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

5.2. Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Agreement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank shall return
to the Donor its pro-rata shares in the Holding Currency as specified in paragraph 2.2 of this Annex 2; unless otherwise agreed between the Bank and the Donor.

5.3. If in the reasonable opinion of a Donor, the Bank has failed to comply to a material extent with its obligations under this Administration Agreement, the Donor and the Bank agree to discuss the non-compliance with a view to resolving the matter. If the Bank and the Donor fail to agree on the measures to be taken or the Bank fails to take relevant measures as may be agreed between the Donor and the Bank, the Donor may, upon thirty (30) days prior written notice, withhold all or any portion of an Installment that has not yet been disbursed to the Bank, until such time as the measures have been taken.

6. Disclosure; Visibility

6.1. The Bank and the Donors agree that the Administration Agreements will be made publicly available and that any related information on this Trust Fund in the Bank’s and the Donor’s possession may be publicly disclosed in accordance with (i) the Bank’s policies and procedures with respect to any such information in the Bank’s possession; and (ii) the Donors’ applicable laws with respect to any such information in the Donors’ possession.

6.2. Notwithstanding paragraph 6.1 above, neither the Bank nor any of the Donors shall publicly disclose information in their respective possession related to the Trust Fund that has been indicated or marked in writing by either Party as confidential, unless prior written consent has been obtained from the Party providing the information or the Donors are otherwise obliged to do so under applicable laws with respect to information in their possession.

6.3. Notwithstanding paragraphs 6.1 and 6.2 above, the information provided under paragraphs 4.4 (ii) and 4.4 (iii) shall be subject to the terms of confidentiality accompanying such information, and the Donors shall not disclose such information outside the office to which the information is provided, unless: (i) prior written consent has been obtained from the Bank; or (ii) the Donors are obliged to do so in accordance with applicable laws, in which case the Donors will notify the Bank accordingly prior to such disclosure. If a Donor is not able to commit to keep such information confidential in accordance with its applicable laws, then the Donor shall inform the Bank accordingly.

6.4. Where appropriate to do so, the Bank will acknowledge, the Donors’ contributions in references made by the Bank with respect to the Trust Fund in publications, press releases or other similar written materials.

7. Dispute Resolution; Limitation on Donor Liability

7.1. The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.

7.2. In providing funds under this Administration Agreement, the Donors do not accept any responsibility or liability towards any third parties including any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.
8. **Grants to Recipients**

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

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

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

9. **Trust Fund Fee**

9.1. The Bank shall calculate a fee each time funds (the "Grant Amount") from the Trust Fund become committed under a Grant Agreement. Such commitment shall occur when such Grant Agreement is fully countersigned (the "Calculation Date"). The fee so calculated by the Bank shall be based on the cumulative total of funds from the Trust Fund committed under all Grant Agreements that have been fully countersigned on or prior to the Calculation Date (the "Cumulative Grant Total"). The calculated fee shall depend on where the Cumulative Grant Total stands as the Grant Amount is added and shall be determined in accordance with the following schedule:

(i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US$ 50 million or equivalent; plus
(ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 50 million or equivalent and below or equal to US$ 500 million or equivalent; plus
(iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 500 million or equivalent and below or equal to US$ 1 billion or equivalent; plus
(iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 1 billion or equivalent.

9.2. Following each Calculation Date, the Bank shall deduct from the Trust Fund, and retain for its own account, the fee as set forth above. Grant Amounts may not exceed the balance of uncommitted funds in the Trust Fund net of the related fee.
ANNEX 3

Governance

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

The Bank will make all grant allocation decisions as an administrator and trustee of donor funds. Strategic oversight will be provided by the Steering Committee, which will be responsible for: (i) providing strategic guidance and direction on the implementation of the Trust Fund activities; (ii) endorsing annual work plans and budgets presented by the Bank; and (iii) reviewing progress reports provided by the Bank based on the results framework described.

The Steering Committee will consist of representatives of the Bank and representative of each Donor contributing to the Trust Fund. It is envisaged that the Steering Committee will meet twice a year. The meeting may be conducted physically or virtually, with decisions made by consensus. The Donors agree that the Bank has responsibility for the Trust Fund operations under the terms of the Administration Agreement, including with respect to the implementation of Bank-executed activities and the supervision of Recipient-executed activities.

[Signature]

SKY
## Indicative Results Framework Indicators

<table>
<thead>
<tr>
<th>Results Chain</th>
<th>Indicators</th>
<th>Baselines*</th>
<th>Targets*</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IMPACT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall Objective: Improve good governance to help build trust of Iraqi citizen's in their government through enhanced transparency and accountability, and expansion of social safety nets to reach the most vulnerable segments of the population.</td>
<td>Change in Good Governance Indicators**: a. Voice and Accountability, b. government effectiveness, c. regulatory quality, d. control of corruption.</td>
<td>TBD</td>
<td>TBD</td>
<td>World Bank Good Governance indicators + Transparency International CPI index</td>
<td>Political stability considered as critical</td>
</tr>
<tr>
<td></td>
<td>% of public spending recorded in the modernized systems, reported publicly and audited.</td>
<td></td>
<td></td>
<td>World Bank report</td>
<td></td>
</tr>
<tr>
<td><strong>OUTCOMES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PILLAR 1: Enhanced Coordination of Development Partners' support to PFM reforms and Dialogue with the Government at both Federal and Regional levels.</td>
<td>1.1 Regularity of policy dialogue at the federal and regional levels involving key Development Partners and government</td>
<td>1.1 Zero</td>
<td>1.1 Bi-annual meetings</td>
<td>Government and Development Partners' reports</td>
<td>Leadership and support for reforms is maintained. Security Situation does not worsen.</td>
</tr>
<tr>
<td></td>
<td>1.2 Frequency of meetings between Federal and Regional levels to discuss PFM reforms.</td>
<td>1.2 2.25 meetings</td>
<td>1.2 2.25 meetings</td>
<td>Government and Development Partners' reports</td>
<td></td>
</tr>
<tr>
<td>PILLAR 2: Improved management of public resources at federal and KRG levels</td>
<td>2.1 Change in score of: a) Procurement PEFA indicators (PI 24.1 - 4); b) Fiscal risk reporting PEFA indicator (PI 10.1)</td>
<td>PI 23</td>
<td>2.2 Improvements in the indicators (precise targets to be defined)</td>
<td>PEFA assessment beyond 2017</td>
<td>Relation between federal level and regional level does not escalate in political deadlock.</td>
</tr>
<tr>
<td></td>
<td>2.1 Percentage of public contracts at federal and KRG levels through eProcurement system.</td>
<td>PI 10</td>
<td>2.2 70% by 2020</td>
<td>2.2 Reports from the government</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3 Percentage of 'at-risk' SOEs monitored.</td>
<td>PI 24</td>
<td>2.3 TBD</td>
<td>2.3 Reports from the government</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3 Zero</td>
<td>2.3 TBD</td>
<td>2.3 TBD</td>
<td>2.3 Reports from the government</td>
<td></td>
</tr>
</tbody>
</table>

---

[Image -2x2 to 617x790]
### PILLAR 3: Enhanced legal framework, fiscal transparency and anti-corruption

<table>
<thead>
<tr>
<th>Specific Objective 3</th>
<th>2.4 Iraq is signatory member of UN Convention for Arbitration</th>
<th>2.4 Not a signatory</th>
<th>2.4 Signatory</th>
<th>2.4 Reports from the government</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5 Percentage of spending units submitting payroll data by the end-of each period, in advance of receiving the previous month’s budget allocation of salaries.</td>
<td>2.5: 0% in 2018</td>
<td>2.5: 80% in 2021</td>
<td>2.5 Federal Board of Supreme Audit Reports</td>
<td></td>
</tr>
</tbody>
</table>

#### 3.1 Federal level: World Bank Global Indicators of Regulatory Governance, GIRC (unit of measure: GIRC score)

- 3.1 (1 by 2019)
- 3.1 (2 by 2020; 3 by 2021 and 2022)
- 3.1.2 World Bank Global Indicators of Regulatory Governance

#### 3.2 Score of transparency and accountability related PEFA indicators (e.g. PI 9 on access to fiscal information, PI 27 on financial data integrity, PI 28 and29 on financial reports); legislative scrutiny of budget (PI 18); external audit (PI30)).

- 3.2 PI8
- 3.2 Improvement of the indicators (precise targets to be defined)
- 3.2 PEFA assessment beyond 2017

#### 3.3 Open Budget index (a. transparency, b. public participation, c. legislature budget oversight and d. SAI budget oversight).

- 3.3 2015 data: a) 3 out of 100, b) 4/100; c) 27/100; d) 50/100.
- 3.3 TBD
- 3.3 Open Budget Survey (IBP)

#### 3.4 Performance rates of inspections conducted by anti-corruption institutions: a. detection, b. prevention, c. enforcement.

- 3.4 TBD
- 3.4 TBD
- 3.4 Government reports

#### 3.5 Number of public consultations in preparing and reviewing new legislation.

- 3.5 TBD
- 3.5 TBD
- 3.5 TBD

#### 3.6 Number of observations captured in the audit management system database.

- 3.6 TBD
- 3.6 TBD
- 3.6 TBD
### Outputs for Pillar 1: Enhanced Coordination of Development Partners' Support to PFM Reforms and Dialogue with the Government

<table>
<thead>
<tr>
<th>Output 1.1</th>
<th>1.1.1 Frequency of PFM working group meetings</th>
<th>1.1.1 Zero</th>
<th>1.1.1.1 Quarterly</th>
<th>Report of activities and meetings minutes provided by Economic Reform Unit (ERU) and PFM Reforms Working Group</th>
<th>Leadership and support for reforms is maintained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.2 Number of monitoring and evaluation reports produced by working group and ERU (e.g. on implementation of reforms)</td>
<td>1.1.2 Zero</td>
<td>1.1.2 At least one per year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Outputs for Pillar 2: Accountability and Management of Public Resources

<table>
<thead>
<tr>
<th>Output 2.1</th>
<th>2.1.1 Number of civil servants who have received unique employee ID numbers.</th>
<th>2.1.1 1,200,000 in 2018</th>
<th>2.1.1.2 2,000,000 in 2021</th>
<th>2.1.1 Central Statistics Organization &amp; Ministry of Interior Reports</th>
<th>Commitment of MoF and other relevant authorities to utilize new systems and TA delivered;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.2 Percentage of spending units reporting monthly payroll data into the CPMIS.</td>
<td>2.1.2.12% in 2018</td>
<td>2.1.2.2 95% in 2021</td>
<td>2.1.2 Central Statistical Organization Reports</td>
<td>2.1.2. Central Statistical Organization Reports</td>
<td>Sufficient absorption capacity of TA by agencies and relevant officials;</td>
</tr>
<tr>
<td>2.1.3 Number of civil servants who have received monthly electronic salary payments.</td>
<td>2.1.3 200,000 in 2018</td>
<td>2.1.3.1 2,000,000 in 2021</td>
<td>2.1.3 Central Bank or Iraq Reports</td>
<td>2.1.3. Central Bank or Iraq Reports</td>
<td>No excessive turnover of staff</td>
</tr>
<tr>
<td>2.1.4 Number of payroll and HR audits utilizing the Central Payroll Management Information System (CPMIS) performed by the Federal Board of Supreme Audit (FBSA) and other relevant oversight institutions.</td>
<td>2.1.4. No CPMIS in place in 2018</td>
<td>2.1.4.1 Payroll audits conducted on an annual basis as from 2021</td>
<td>2.1.4 Federal Board of Supreme Audit Reports</td>
<td>2.1.4 Federal Board of Supreme Audit Reports</td>
<td></td>
</tr>
</tbody>
</table>

### Output 2.2 | 2.2.1 Share of tenders and awards publicly available through the federal procurement single e-portal in pilot ministries. | 2.2.1.1 Non-existent or Zero | 2.2.1.4 40% | Government reports | |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.2 Share of procurement plans published through the federal procurement single e-Portal in pilot ministries.</td>
<td>2.2.2.1 Non-existent or Zero</td>
<td>2.2.2.2 40%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.3 Status of inclusion of comprehensive provisions in the conditions of contracts to deal with anti-fraud, collusion and corruption in public procurement.</td>
<td>2.2.3.1 Non-existent or Zero</td>
<td>2.2.3.2 Updated contract conditions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3 Improving the Supervision of Non-Financial SOEs</td>
<td>2.3.1 Percentage of non-financial State-Owned Enterprises (SOEs) classified according to their fiscal risk, commercial viability and strategic importance.</td>
<td>2.3.1 Zero</td>
<td>2.3.1 TBD</td>
<td>SoEs Restructuring Committee database</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.2 Numbers of members of Boards of Directors and Supervisory Boards of pilot Non-Financial SOEs trained on Corporate Governance disaggregated by gender.</td>
<td>2.3.2 Zero</td>
<td>2.3.2 TBD</td>
<td>Government reports</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.3 Number of staff of pilot Non-Financial SOEs trained on fiscal risk analysis and monitoring disaggregated by gender.</td>
<td>2.3.3 Zero</td>
<td>2.3.3 TBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.4 Number of Staff of pilot Non-Financial SoEs Finance Departments trained on International Financial Reporting Standards (IFRS) disaggregated by gender.</td>
<td>2.3.4 Zero</td>
<td>2.3.4 &gt;15% (2018)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.5 Number of published external audits based on international standards for selected Non-Financial SOEs.</td>
<td>2.3.4 Zero</td>
<td>2.3.4 &gt;15% (2018)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.1 Number of guidebooks, templates and manuals on legal and regularity quality produced, approved and implemented by the State Council at federal level and regional level respectively.</td>
<td>3.1.1 No report</td>
<td>3.1.1.2 by 2020 and 3 by 2021 and 2022</td>
<td>Government and WBG reports</td>
<td>Commitment of relevant authorities to utilize new systems and TA delivered;</td>
<td></td>
</tr>
<tr>
<td>3.1.2 Number of participants in training sessions at federal and regional levels respectively disaggregated by gender.</td>
<td>3.1.2 Zero</td>
<td>3.1.2.50 (gender ratio TBD)</td>
<td>Sufficient absorption capacity of Technical Assistance by agencies and relevant officials;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.3 Number of training sessions provided in modalities for reviewing rules</td>
<td>3.1.3 Zero</td>
<td>3.1.3.3 Training sessions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.4 Number of laws reviewed</td>
<td>3.1.4 Zero</td>
<td>3.1.4.50% by 2020 and 100% by 2021-22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.5 Number of laws reformed</td>
<td>3.1.5 Zero</td>
<td>3.1.5.10 laws (primary legislation) by 2020 for federal and regional levels respectively and 20 laws by 2021-2022</td>
<td>No excessive turnover of staff.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.6 State Council process, maps and inventories (legal, ICT) drafted.</td>
<td>3.1.6 Zero</td>
<td>3.1.6 Drafted by 2020 and finalized by 2021-2022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.1 Number of users of new MoF fiscal data portal</td>
<td>3.2.1 Baseline to be determined in September 2018</td>
<td>3.2.1 Target of number of users of new portal is 25,000 by 2022</td>
<td>Government reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>-------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.2 Yearly update of portal with budget expenditure data</td>
<td>3.2.2 No (2018)</td>
<td>3.2.2 Yes by 2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.3 Number of beneficiaries to budget literacy and analysis workshops</td>
<td>3.2.3 Zero</td>
<td>3.2.3 200 by 2022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.4 Rate of responses to feedback or questions submitted to the commentary section of the new MoF portal</td>
<td>3.2.4. Commentary section does not exist.</td>
<td>3.2.4. 100% of comments / questions receive responses within 15 days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.5 Number of budget reports published using enhanced standards defined in the OBS methodology</td>
<td>3.2.5 No established new standards / formats</td>
<td>3.2.5 Five reports published according to new standards / formats by 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This indicator measures the progress made in enhancing timeliness and comprehensives of published budget reports according to the OBS methodology. The following reports - the enacted budget, in-year, mid-year, and end-year reports, and citizen budget – have different timeframe for publication and will monitored accordingly.
| 3 Strengthening Legislative Budget Oversight | 3.3.1 The ICOR Finance Committee (FC) debates budget policy prior to tabling of the Executive’s Budget Proposal. | 3.3.1 OBI Survey Question 107: Does the full legislature and/or a legislative committee debate budget policy prior to the tabling of the Executive’s Budget Proposal? (Result b) A legislative committee debates budget policy prior to the tabling of the Executive’s Budget Proposal, and approves recommendations for the upcoming budget. OBISurvey Question 107 (Result b with additional evidence that the FC has reviewed and produced comments on the Executive’s Budget Proposal (EBP). | 3.3.1 - IBP and Reports on change of practice | Government continues implementing Section 7 (1) of Financial Management Law 95 of 2004 requiring submission of EBP to the FC. Government provides quarterly budget execution reports to the ICOR/FC. Continued commitment from leadership. Responsiveness and cooperation to provide information for baseline confirmation and improvement measurement. Inclusion of BSA regional offices. |

| 3.3.2 Legislative procedures for budget scrutiny | 3.3.2 – Iraq PEFA Assessment 2017 (PI-18.2 – Score C. The legislature’s procedures to review budget proposals are approved by the legislature in advance of the budget hearings and adhered to). | 3.3.2 – Future Iraq PEFA Assessment (PI-18.2 – Score B. The legislature’s procedures to review budget proposals are approved by the legislature in advance of the budget hearings and adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures). | 3.3.2 – Future PEFA Assessment and Reports on change of practice. | Government continues implementing Section 7 (1) of Financial Management Law 95 of 2004 requiring submission of EBP to the FC. Government provides quarterly budget execution reports to the ICOR/FC. Continued commitment from leadership. Responsiveness and cooperation to provide information for baseline confirmation and improvement measurement. Inclusion of BSA regional offices. |
3.3.3 The ICOR Finance Committee scrutinizes the implementation of the Enacted Budget

3.3.4 The frequency the Federal Board of Supreme Audit (FBSA) takes part in ICOR/FC meetings

3.3.3 Open Budget Survey (OBS)
Question 114: In the past 12 months, did a committee of the legislature examine in-year implementation of the Enacted Budget during the relevant budget execution period?

- Result b: A committee examined in-year implementation on one or more occasions (but less than three times), and it published a report with findings and recommendations.

3.3.4 Open Budget Survey (OBS)
Question 24: In the past 12 months, how frequently did the head or a senior staff member of the Supreme Audit Institution (SAI) take part and testify in hearings of a committee of the legislature?

- Result d - Never

3.3.4 Open Budget Survey (OBS)
Question 24: (Result of practice)

- Result b - Sometimes (i.e., three times or more, but less than five times)

3.3.3 - IBP and Survey Reports on change
Question 114 (Result of practice)
- a - A committee stakeholders examined in-year improve implementation on at least three occasions during a fiscal year, and it published reports with findings and recommendations.

3.3.4 - IBP and Survey (OBS) Reports on change
3.3.3 - IBP and Survey (OBS) Reports on change

3.3.3 - IBP and Survey (OBS) Reports on change

3.3.3 - IBP and Survey (OBS) Reports on change

3.3.3 - IBP and Survey (OBS) Reports on change

3.3.3 - IBP and Survey (OBS) Reports on change

3.3.3 - IBP and Survey (OBS) Reports on change

3.3.3 - IBP and Survey (OBS) Reports on change
<p>| 3.3.5 Increased parliamentary effectiveness (i.e. the way in which Parliament organizes itself to carry out its key functions) (Self-Assessment Question 2.6 – Inter-Parliamentary Union (IPU) 2008. IPU Self-Assessment Toolkit. Geneva, Switzerland) |
| 3.3.5 – Secretary-General’s Support Unit established. |
| 3.3.5 – Business-planning process between the S-G, Departmental Directors and the S-G’s Support Unit developed and implemented. |</p>
<table>
<thead>
<tr>
<th>Strengthening the External Audit Function</th>
<th>3.4.1 The quality and operationalibility of the external audit strategic plan</th>
<th>3.4.1 Strategic plan developed / Annual development plan not developed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4.2 The degree of the audit compliance with ISSAIs (International Standards of Supreme Audit Institutions)</td>
<td>3.4.2 Not assessed</td>
<td></td>
</tr>
<tr>
<td>3.4.3 The existence of a methodology on procurement audit, extractive industries audit and forensic audit that are tested and proven through pilot audits</td>
<td>3.4.3 Methodology not or partially developed</td>
<td></td>
</tr>
<tr>
<td>3.4.4 The utilization of a proper sampling methodology through the risk-based audit approach.</td>
<td>3.4.4 Sampling methodology not being utilized</td>
<td></td>
</tr>
<tr>
<td>3.4.5 The number of trained Federal Board of Supreme Audit (FBSA) and Regional Board of Supreme Audit (BSA) staff on ISSAI program-compliant audit methodologies and approaches respectively disaggregated by gender.</td>
<td>3.4.5. Forty staff in 2018</td>
<td></td>
</tr>
<tr>
<td>3.4.6 The degree of communication and collaboration with stakeholders.</td>
<td>3.4.6. Participation in parliamentary finance committee sessions And Audit reports not fully visible to stakeholders including citizens, media, and others</td>
<td></td>
</tr>
<tr>
<td>3.4.6 Increased participation</td>
<td>And Improved visibility and dissemination of audit reports</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Federal Board of Supreme Audit (FBSA) Strategic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit plans, audit reports, SAI PME, other assessments</td>
<td></td>
</tr>
<tr>
<td>Audit manuals published and pilot audit reports</td>
<td></td>
</tr>
<tr>
<td>Risk-based audit manuals, sampling methods</td>
<td></td>
</tr>
<tr>
<td>Training plan, training records</td>
<td></td>
</tr>
<tr>
<td>Feedback from Parliament and FBSA</td>
<td></td>
</tr>
<tr>
<td>Audit reports, FBSA website. Feedback from other stakeholders</td>
<td></td>
</tr>
<tr>
<td>Confronting and Combating Corruption</td>
<td>3.5.1 Baseline on incidence on corruption in Iraq established</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>3.5.2 Adoption of procedures to reduce corruption in national reconstruction programs</td>
<td>3.5.2 Does not exist</td>
</tr>
<tr>
<td>3.5.3 Program to build capabilities to address corruption in the public sector established</td>
<td>3.5.3 Does not exist</td>
</tr>
</tbody>
</table>

Public Expenditure and Financial Accountability (PEFA) assessment was conducted in 2016 and published in June 2017. When relevant, the PEFA scores must be used as baselines.

The activities, the expected outputs and all the indicators, targets and baselines included in the Results Framework below are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative Results Framework will evolve during the lifetime of the action, new ones will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.