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 2016 (the Framework Agreement), which sets the general conditions for this Agreement. The Framework Agreement shall be applicable and form an integral part of the Administration Agreement for the Trust Fund.

1. The International Bank for Reconstruction and Development (the “Bank”) acknowledges that the European Commission (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of three hundred and twenty thousand Euros (€320,000) (the “Contribution”) for the Part II Europe 2020 Programmatic Single Donor Trust Fund, No. TF072686 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is three hundred and twenty thousand Euros (€320,000). 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 “Instalment”) upon submission of a payment request by the Bank:

(A) Promptly following countersignature – €160,000.
(B) €80,000 subject to the disbursement of 70% of the preceding instalment.
(C) €80,000 subject to the disbursement of 70% of the preceding instalment.

The period for payment of further instalments shall be 60 days.

4. When making any deposit, the Donor shall instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072686 (The Part II Europe 2020 Programmatic Single-Donor Trust Fund), the Commission internal reference number and the date of the Administration Agreement, the name of the project for which the funds are intended, the name of the Commission department responsible for the Trust Fund and the date of the deposit (the “Deposit Instructions”). In addition, the Donor shall provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.
5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Agreement shall be in writing and delivered by mail, fax or e-mail to the respective Party’s address specified below or at such other address as such Party notifies in writing to the other Party from time to time:

For the Bank (the “Bank Contact”):

Arup Banerji  
Country Director  
Europe and Central Asia Region  
World Bank Group  
Tel: +32-2-504-0994  
Email: Abanerji@worldbank.org

For the Donor (the “Donor Contact”):

Mary McCarthy  
Director  
Structural Reform Support Service  
CHAR 10/104, 1049 Brussels  
Tel: +32 229-93493  
Email: Mary.Mccarthy@ec.europa.eu

6. In the event any amounts are to be returned to the Donor under this Administration Agreement, the Bank shall transfer such amounts to the Donor, unless otherwise agreed with the Bank.

7. All annexes hereto and the Framework Agreement between the World Bank Group and the European Commission constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. In the event of any inconsistency, the Framework Agreement prevails over the Administration Agreement and the Administration Agreement prevails over its Annexes. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended only by written amendment between the Bank and the Donor.

8. The measures taken to identify the EU as a source of financing shall be in accordance with Attachment 4 of the Framework Agreement.
9. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Administration Agreement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement shall become effective as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: 
Name: Anir Banerji
Title: Country Director
Date: October 5, 2016

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: 
Name: Mary McCarthy
Title: Director, SRSS
Date: 12/10/2016
ANNEX 1

Part II Europe 2020 Trust Fund Description

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

1. Objectives

The overarching objectives of this Trust Fund are:

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

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

2. Activities

The objectives and description of the activities are:

The European Commission has expressed an interest in ensuring that the Bank provides technical assistance in the framework of the Trust Fund with the specific objective of improving the supervisory capacity of the Romanian Financial Supervisory Authority (ASF) by: (a) consolidating the supervision of the capital market sector, namely the off-site supervision (both conduct and prudential) and on-site supervision of the investment firms and asset managers, based on EU best practices; and (b) enhancing the regulatory framework, namely the legislation on alternative investment funds.

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

Accordingly, the Bank will carry out the following activities and deliver the following outputs under each objective:
Component A – Consolidation of capital markets supervision

I. Enhancing off-site supervision of business conduct of investment firms and asset managers through:
   (a) Providing a recommendation for the establishment of the competencies of the supervisory function in regards to investment firms and asset managers;
   (b) Identifying the key elements deriving from the applicable European Union legislation that need to be monitored by ASF in order to establish the supervised entities compliance with the conduct requirements;
   (c) Developing internal procedures including the type of information required in order to establish the entities’ compliance with conduct regulations and avoid a potential conflict of interest, the description of the analysis of the submitted documents and the frequency of reporting to ASF;
   (d) Developing guidelines regarding the supervision tools, methodologies, transparency and accountability, in accordance with EU best practices;
   (e) Reviewing existing reporting requirements for investment firms and asset managers and providing recommendations on reporting templates that will allow verification of compliance with the submission deadline for the regular reports and the identification of the operations/transactions performed;
   (f) Developing consistent criteria and/or benchmarks to be used for identifying the conduct risks and procedures for supervising the entities accordingly;
   (g) Developing standardized documents to be used in the relation between the off-site and on-site structures (templates, sheets, etc.); and
   (h) Reviewing the conduct supervision requirements for the investment firms and asset managers passporting their activities.

II. Improving the use of off-site prudential supervision as a tool for early detection of problems in the financial situation of firms that could pose concerns on the viability of the firm or for the system as a whole, through:
   (a) Identifying the validation principles between primary and processed data;
   (b) Clarifying the aspects related to the application of liquidity requirements of investment firms;
   (c) Developing a better understanding of the internal models used by investment firms for assessing the market risk of various financial instruments;
   (d) Developing a better understanding of operational risks imbedded in the business model of the investment firms;
   (e) Strengthening the ability of supervisors to review the stress tests performed by the firms and conduct crisis simulations exercises as appropriate;
   (f) Reviewing the criteria and matrices for classifying the entities by risk classes;
   (g) Reviewing the procedures for integrating in the supervision process the results of the entities classification by risk classes;
   (h) Identifying the methods for integrating the available information when performing the stress tests;
   (i) Identifying indicators for the development of "early warning" alerts;
   (j) Establishing an integrated methodology for processing and analyzing the reports/information submitted to ASF by asset managers, in order to develop a ranking system for asset managers; and
   (k) Monitoring the implementation of risk management procedures and mechanisms for asset managers analyzing the risks related to individual portfolios for UCITS (Undertakings for Collective Investment in Transferable Securities) /Non-UCITS, to asset managers and also to the entire market.

III. Enhancing the on-site supervision as a key tool to detect and follow up on both prudential and conduct issues, through:
   (a) Developing techniques and control tools to be in accordance with the evolution and particularities of the Romanian market;
(b) Developing standard verification keys for the main elements of the on-site supervision;
(c) Developing consistent procedures for the assessment and classification of the deficiencies, risks and vulnerabilities identified during on-site inspections;
(d) Developing consistent benchmarks to be used in evaluating facts in enforcement actions; and
(e) Developing standardized documents to be used in the relation between the off-site and on-site structures, and between the entity and the inspection team/unit (templates, sheets, etc.).

IV. Strengthening the institutional capacity of ASF, through:
(a) Reviewing the draft risk assessment framework and corresponding manuals; and
(b) Delivering training on the effective use of the draft framework and manuals in supervision of investment firms and asset managers.

The specific outputs under Component A will be:

- A draft risk assessment framework and risk-scoring methodology for the identification of key areas of risk in regards to business conduct and prudential issues, both at the individual firm level and at market wide level for investment firms and asset managers. The framework will also provide guidance on how to prioritize firms and/or topics for further monitoring (ranking of firms/topics based on an agreed scale) and how to best use off-site versus on-site supervision for both detection and follow-up.
- Draft manual to be used for the off-site supervision of both prudential and business conduct issues for investment firms and asset managers. The manual shall detail the type of analysis and reports that would be generated as a result of the off-site monitoring and the templates for such reports and how they can be used for defining appropriate follow up, including monitoring actions required of the supervised entities via on-site inspections.
- Draft manual to be used during the on-site inspection process as part of the ASF supervision over investment firms and asset managers. The manual shall include the steps the inspection team will follow in order to prepare, perform and follow-up on the inspection and the templates that will be used during the performance of these activities.
- A workshop with ASF staff to deliver training and capacity building.

Component B – Enhancement of the regulatory framework, namely the draft law on alternative investment funds.

Providing assistance to the ASF in the implementation of the EU Alternative Investment Fund Managers Directive ("AIFMD"), with focus on the review of the current draft law and the provision of comments in accordance with EU best practices.

The specific output under this component will be a report with comments and recommendations on the draft law.
**Indicative Timeline of Milestones and Outputs**

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Delivered by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank requests data from ASF and provides conceptual framework for the risk-assessment methodology</td>
<td>Two weeks prior to first mission</td>
</tr>
<tr>
<td>Bank’s first mission to Bucharest: Kick-off, discussions on proposed methodology, Bank to work with ASF working groups</td>
<td>4Q 2016</td>
</tr>
<tr>
<td>Bank delivers comments on draft law on alternative investment funds (Component B)</td>
<td>4Q 2016</td>
</tr>
<tr>
<td>Bank delivers draft risk assessment methodology as per discussions during the first mission and follow-up</td>
<td>4Q 2016</td>
</tr>
<tr>
<td>Bank delivers initial draft of the supervisory manuals for off-site and onsite supervision</td>
<td>1Q 2017</td>
</tr>
<tr>
<td>Bank delivers revised version of the risk assessment methodology based on ASF comments (Component A)</td>
<td>2Q 2017</td>
</tr>
<tr>
<td>Bank’s second mission to Bucharest: Discussions with working groups on any pending issue of the risk assessment methodology, start discussion on the draft supervisory manuals</td>
<td>2Q 2017</td>
</tr>
<tr>
<td>Bank submits revised version of the supervisory manuals based on ASF comments (Component A)</td>
<td>3Q 2017</td>
</tr>
<tr>
<td>Bank’s third mission to Bucharest: Discussion with working group on any pending issue on the supervisory manuals, and 5-day workshop on the use of the risk assessment methodology and supervisory manuals (Component A)</td>
<td>3Q 2017</td>
</tr>
</tbody>
</table>

**Data requirements:**
In order to deliver these outputs, the Bank will require timely receipt of relevant information including the draft legislation and comments to the written outputs, otherwise the timeline may need to be updated.

3. **Eligible Expenditures**

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

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

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.

5. **Program Criteria**

5.1 Activities are to be financed in accordance with the following program criteria:

The Trust Fund is established to enable the European Commission and the Bank to continue to collaborate and exchange experience and expertise on a number of themes under all three pillars of the Europe 2020 Agenda – of smart, sustainable and inclusive growth. The express purpose of this Trust Fund is to allow the European Commission to avail itself of the Bank’s technical assistance and analytical and policy capacity for the purpose of pursuing the goals of Europe 2020. The three pillars of Europe 2020 are broadly in line with the objectives and strategies adopted in the Europe and Central Asia Region of the World Bank Group. All activities that are in pursuance of these three pillars are eligible to be financed and implemented under this Trust Fund.
ANNEX 2

STANDARD PROVISIONS

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor it being understood that any plural references in the annexes to Donors, Administration Agreements, Contributions and pro rata shares shall be read as singular references to the Donor, its Administration Agreement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

1. Administration of the Contributions

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

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

2. Management of the Contributions

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

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

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

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

3. **Trust Fund Fees and Costs**

3.1 The Bank shall deduct and retain for its own account, as a deduction from each Instalment, an amount equal to five percent (5%) per Instalment as an administrative fee for the Trust Fund.

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

4. **Accounting and Financial Reporting**

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

4.2 The Bank shall furnish to the Donor current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions shall be made available to the Donor via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank shall provide to the Donor via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the Bank’s external auditor’s opinion thereon. The cost of the single audit shall be borne by the Bank.

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

5. **Progress Reporting**

5.1 The Bank shall provide the Donor with semi-annual reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall furnish to the Donor a final report on the activities financed by the Trust Fund.
5.2 The Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of the Bank's applicable policies and procedures. All associated costs, including any costs incurred by the Bank, shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

6. Disbursement; Cancellation; Refund

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

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

7. Disclosure; Dispute Resolution

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

7.2 The Donor and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.
ANNEX 3

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

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

Description of governance activities

The Bank and the Commission will consult each other regularly on the implementation of the Activities in accordance with the description of the Activities of Annex I of this Administration Agreement.

Working Modalities

The Bank will be in charge of the implementation of the activities and shall consult with the Structural Reform Support Service (SRSS) regularly.

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

The activities will be undertaken in close collaboration with the SRSS, and the Romanian Financial Supervision Authority.

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

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

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

It is expected that the President of ASF will be the national contact point for the activities, and will coordinate the necessary coordination mechanisms within ASF, the capital markets sector, and other national stakeholders. To this end, ASF will maintain a Project Management Team, composed of relevant ASF staff.

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

It is expected that the material outputs produced under the activity (draft legislation, manuals, risk assessment framework, workshop) will be delivered by the WBG to ASF directly. It is expected that, provided ASF approves, endorses, adopts and implements the outputs, these will be incorporated as part of ASF regulatory and supervisory framework. However, such approval and implementation remains the exclusive responsibility of ASF.

Achievement of actual impact on the regulation and supervision of capital markets under the activity depends to a large extent on the degree of adoption and implementation of the outputs by ASF and subsequent enforcement, as well as industry-wide and economic conditions, which remain outside the responsibility of the World Bank.

**Bank team composition:**

The Bank shall, in its sole discretion, determine the composition of the staff (including staff holding consultant appointments) assigned to perform the activities under this Agreement. The Bank team will be managed by a Bank Task Team Leader with relevant experience, drawing on the expertise of the World Bank Group staff including personnel and consultants/experts with extensive experience of working on capital markets regulation and supervision frameworks in EU member states and other advanced jurisdictions. The Bank team will include the following competencies:

- Ability to review, design and develop a risk-based investment firm and capital market supervision and regulation framework in the EU context.
- Ability to produce high-quality written outputs (risk assessment framework, manuals)
- Project management, economic, financial markets and other skills that will be considered necessary for the execution of the activities.

**Payment Requests**

Requests for payments related to the activities set forth in Section 2.1 of Annex 1 to this Administration Agreement will be sent by the World Bank to the Commission with the reference SRSS/S2016/012 and shall be addressed to:

Mr Giuseppe Menchi  
SRSS.01 Budget, Finance and Evaluation  
Structural Reform Support Service  
European Commission  
B-1049 Brussels (Belgium)
**INDICATIVE RESULTS INDICATORS FOR THE ANNEX 1 ACTIVITIES**

<table>
<thead>
<tr>
<th>Expected Results (logic of intervention)</th>
<th>Indicators</th>
<th>Baselines</th>
<th>Result goals</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact</td>
<td>Enhancement of Regulation and Supervision Capital Markets Framework resulting in improved financial stability and better investor protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome(s)</td>
<td>Banks’ recommendations are adopted and implemented in timely and quality manner</td>
<td>ASF focuses on rule-based compliance</td>
<td>ASF shifts to a mixed approach based on rule-based compliance and understanding the risks to the market and regulated entities (risk-based supervision).</td>
<td>ASF</td>
<td>Absence of new economic or industry shocks; consistent enforcement by ASF of its capital markets regulations and procedures</td>
</tr>
<tr>
<td>Output(s)</td>
<td>Draft law incorporates the comments of the World Bank</td>
<td>Draft law</td>
<td>Revised draft law incorporating EU best practices</td>
<td>Draft law by ASF, EU best practices</td>
<td>Active engagement of ASF in providing information required and redrafting the law if necessary</td>
</tr>
<tr>
<td>A.1 Comments on draft law on alternative investment funds</td>
<td>Draft risk assessment framework developed based on market needs</td>
<td>ASF does not currently have a risk-assessment framework</td>
<td>Bank will deliver a draft risk-assessment framework as part of guidelines to implement risk-based supervision</td>
<td>ASF, EU best practices</td>
<td>Active engagement of ASF in providing information required for preparing the risk-assessment framework</td>
</tr>
<tr>
<td>A.2 Draft risk assessment framework and corresponding risk-scoring methodology for conduct and prudential issues</td>
<td>Draft risk-based supervisory manuals developed in cooperation with ASF staff</td>
<td>ASF does not currently have the manuals</td>
<td>Bank will deliver draft manuals as part of guidelines to implement risk-based supervision</td>
<td>ASF, EU best practices</td>
<td>Active engagement of ASF in providing information required for preparing the draft manuals</td>
</tr>
<tr>
<td><strong>Expected Results</strong> (logic of intervention)</td>
<td><strong>Indicators</strong></td>
<td><strong>Baselines</strong></td>
<td><strong>Result goals</strong></td>
<td><strong>Sources of data</strong></td>
<td><strong>Assumptions</strong></td>
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<tr>
<td>managers</td>
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<td></td>
</tr>
<tr>
<td>A.4 Draft manual for on-site supervision for investment firms and asset managers</td>
<td>Draft risk-based supervisory manual developed in cooperation with ASF staff</td>
<td>ASF does not currently have the manual</td>
<td>Bank will deliver draft manual as part of guidelines to implement risk-based supervision</td>
<td>ASF, EU best practices</td>
<td>Active engagement of ASF in providing information required for preparing the manual</td>
</tr>
<tr>
<td>A.5 Workshop on risk-assessment frameworks and manuals</td>
<td>Workshop attended by all stakeholders</td>
<td>Limited capacity on risk-based supervision</td>
<td>ASF has stronger institutional capacity on risk-based supervision</td>
<td>ASF</td>
<td>Active and early engagement of ASF in the workshop</td>
</tr>
</tbody>
</table>
ANNEX 5

INDICATIVE BUDGET
FOR THE ANNEX 1 ACTIVITIES

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Average Number</th>
<th>Amount in Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff and consultant services</td>
<td>8</td>
<td>230,000</td>
</tr>
<tr>
<td>Cost of travel</td>
<td>8</td>
<td>65,000</td>
</tr>
<tr>
<td>Training and workshops</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other services including translation</td>
<td></td>
<td>9,000</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>304,000</td>
</tr>
<tr>
<td>Administration fee (5%)</td>
<td></td>
<td>16,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>320,000</td>
</tr>
</tbody>
</table>

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

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

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