



P158968

REIMBURSABLE ADVISORY SERVICES AGREEMENT

between the

GOVERNMENT OFFICE OF THE REPUBLIC OF ESTONIA

and the

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated May 9, 2016

AGREEMENT FOR REIMBURSABLE ADVISORY SERVICES

AGREEMENT dated the 9 day of May 2016, between the GOVERNMENT OFFICE OF THE REPUBLIC OF ESTONIA (the "Client") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank").

WHEREAS, the Client has requested the Bank to provide to the Client reimbursable advisory services (the "Reimbursable Advisory Services" or "RAS") described in the Schedule to this Agreement to provide technical assistance in developing policy proposals for the design of a Long-Term Care (LTC) system for Estonia. The Bank will conduct an assessment of the Long-Term Care (LTC) system in place in Estonia and to give policy recommendations for the future development of LTC.

NOW, therefore, the parties hereto agree as follows:

1. **Reimbursable Advisory Services.** The Bank shall provide to the Client the services ("Reimbursable Advisory Services" or "RAS") described in the Schedule to this Agreement, on the terms and conditions set out in this Agreement, including the Annex hereto, which constitutes an integral part hereof.
2. **Client Contacts.** In carrying out the Reimbursable Advisory Services, the Bank will work closely with the designated officials of the Client. The Client will provide the Bank with the names and contact information for said designated officials.
3. **Timing.** While the Bank undertakes to mobilize all reasonable means available to it to carry out the Reimbursable Advisory Services in a timely manner, the work program and timetable set out in the Schedule to this Agreement have been prepared in good faith based in light of information currently available to the Bank, and are given on an indicative basis assuming that: (i) the Client and its personnel will carry out their respective duties in a satisfactory and timely manner; and (ii) the Client will at all times act in a timely manner in providing information, making decisions and providing necessary support as provided herein and as requested from time to time by the Bank.

4. **Payment**

(a) The Client shall pay the Bank a fixed fee of One Hundred Fifty Thousand (EUR150, 000) in accordance with the following schedule of payment:

Amount of Installment	Event upon which Payment is Due
Eur 30,000	Upon signing the RAS agreement
Eur 75,000	Upon submission of draft report



Eur 45,000	Upon submission of the final report with recommendation
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(b) All payments to the Bank hereunder shall be made in full when due, upon submission of an invoice by the Bank. Payment shall be made, in Euros, in immediately available funds, without any deductions whatsoever for taxes, duties, charges or other withholdings, and notwithstanding any pending dispute between the parties, to such account as the Bank may from time to time designate in writing.

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

6. **Expiration.** This Agreement shall expire on August 31st, 2017 -unless it shall earlier be renewed with the mutual agreement of the Client and the Bank.

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

8. **Cooperation.**

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

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

(ii) permit Bank Personnel to visit the Client facilities, and to have access to books and records relevant to the Advisory Services and to Client staff working in relation to the Advisory Services to be provided by the Bank;

(iii) promptly notify the Bank of any proposed change in the nature or scope of the Advisory Services and of any event or condition which has or could reasonably be expected to have a material effect on the performance of the Services; and

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



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

9. *Notices and Addresses.*

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

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

For the Client:

GOVERNMENT OFFICE
OF THE REPUBLIC OF ESTONIA
Rahukohtu 3
15161 Tallinn
Estonia

Phone: +372 693 5701

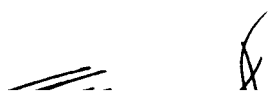
Email: riigikantselei@riigikantselei.ee

For the Bank:

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

Phone: (202) 477-1234

Fax: (202) 477- 6391



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

GOVERNMENT OFFICE
OF THE REPUBLIC OF ESTONIA

INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT

By: 

Authorized Representative
(Government Office,
*represented under clause 3.3
point 2 and clause 3.6 of the Directive No. 1
of the State Secretary of 5 January 2010,
by Henry Kattago*)

Date: 04.05.2016

By: 

Authorized Representative

Date: May 5 2016

SCHEDULE

Description of the Reimbursable Advisory Services

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

The Bank will conduct an assessment of the long-term care (LTC) system in place in Estonia and provide policy recommendations for the future development of LTC. This would require an in-depth analysis on the demand for and supply of LTC in Estonia and a forward-looking examination of how the situation may change. The aim of the study is to inform the formulation of a guidance on policy options by the Government of Estonia

The following activities will be carried out by the Bank:

Activity 1: Completion of Desk Review

The Bank will: (i) conduct an overview of the current system of LTC provision in Estonia; and (ii) provide an outline of the main challenges faced by the LTC system from three different perspectives: (a) health and social care policy; (b) fiscal impacts of health and social care spending; and (c) labor market impacts of informal social care provision.

Activity 2: System Assessment

The Bank will conduct a system assessment of LTC that will comprise, among others:

1. **The current situation: profiling the population in need of LTC and LTC environment**
 - a) The elderly population and the non-elderly disabled population: spatial distribution and population statistics; poor or non-poor; understand current personal health, illness, drugs, handicaps, difficulties, and disability outcomes.
 - b) Provision and utilization of LTC: potential provision of LTC services and actual provision and utilization of LTC services.
 - c) Municipal provision of LTC services: An in-depth analysis of the situation of LTC provision by municipality and for different population groups would be carried out. This would comprise collection and analysis of existing administrative data and, if representative, additional survey information to look at levels and distribution of service provision by municipality.
 - d) Fiscal and out-of-pocket costs of LTC.
 - e) How does Estonia's care profile compare to other countries (Literature Review) in relation to elder health and fiscal spending.



2. **Projections of the demand for LTC:** Measuring actual LTC needs, including unmet need and projections of future demand, through simulations using:
 - a) Population projections.
 - b) Project future LTC demand.

3. **Projections of the fiscal and economic costs of LTC:**
 - a) Fiscal cost. While LTC in Estonia seems to be mostly informal, efforts will be made to project fiscal costs of expanding formal care for different scenarios.
 - b) Economic cost. The broader economic costs of providing LTC will be estimated through an assessment of the economic loss caused by loss of labor market activity due to the LTC burden falling on family members.

4. **LTC integration and coordination:** Assess appropriateness of current LTC delivery systems given that much LTC is being delivered in the health sector unnecessarily because social services are not available.

5. **Review of options for LTC Provision:** Based on tasks (1) - (5) above, identify the main gaps in LTC service provision, weigh the costs and benefits of formal versus informal care provision and assess the division of roles and responsibilities between the central government, municipalities, the private sector and individuals. Effort will be made, to the extent possible, to link care needs with the municipal capacity, also taking into account the proposed territorial reforms. This activity will also explore options for the activation of caregivers and support provided to them (including labor market services, awareness raising of employers, social guarantees) This review will be informed by an assessment of the pros and cons of different ways of organizing and providing LTC in the EU and relevant OECD countries and will produce a range of options for and scope of LTC service provision in Estonia as well as define the roles and responsibilities of the State, local governments and individuals.

6. **Review of options for LTC Financing:** Assess current system of public and private financing, including the role of copayments, taking into account the available information on the future size and budgetary options of local municipalities after territorial reform. Draw on international experience for proposals for LTC, with assessment of pros and cons of different schemes in the context of Estonia's fiscal policy. The Bank will take into consideration choices emerging from the experiences of several countries, including the Nordic countries (tax-based and universal), Germany and others (long term care insurance and universal), UK (tax funded, means tested), and mixed models that are described as "targeted universal".

7. **Review of options for caregiver support (social guarantees):** Review of international experience of caregiver benefits and assessment of relevant aspects of Estonia's system of social protection and development of recommendations on how to improve support to caregivers.



8. Policy recommendations for developing a comprehensive LTC system

A final report will be prepared summarizing the results of components (1) to (8) of the system assessment (Activity 2). The report will also include a range of policy options for financing and delivering LTC.

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

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

Outputs	Due date for deliverables	Dates of key Task Force Group meetings
<i>Activity 1</i> A powerpoint presentation outlining the finding of the rapid assessment of the LTC sector.	April 20, 2016	April 26, 2016
<i>Activity 2:</i> A longer review of the current system, future trends in care demand and supply and an investigation of reform options to ensure the financial sustainability of LTC while minimizing negative effects on efficiency, equity, employment and competitiveness:		
- Presentation of findings: demand and expenditure projections and analysis of integration issues	End-September 2016	End-September 2016
- Draft report containing the assessment and preliminary options for reform*	Early November 2016	Early November 2016
Final report with recommendations	February 2017	February 2017

C. **Bank Personnel.** The Bank will be responsible for determining the appropriate composition of teams needed to fulfill the Advisory Services. The following is an indicative list of the categories of Bank Personnel likely to be involved in carrying out the Reimbursable Advisory Services: Economists, Health Policy Specialists, Data Management Specialists, .

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



- (a) The Client shall provide the Bank Personnel with necessary administrative and organizational support for the Reimbursable Advisory Services.
- (b) The Bank shall provide all written outputs in English. The Client will be responsible for any translation, and will make publicly available final reports in accordance with the terms of this Agreement.
- (c) With regard to any seminars or conferences the Bank will be responsible for the travel costs and payment for Bank personnel. The Client will provide a venue, any hospitality services needed, translation and printing. The Bank will not reimburse the expenses of participants other than its staff and Short-Term Consultants.

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

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**ANNEX
STANDARD TERMS AND CONDITIONS**

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

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

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

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

5. **Confidentiality.** The Parties agree that this Agreement and the outputs set out in the Schedule to this Agreement shall only be made available to the public after the Client has given its written consent to such disclosure. For this purpose, the Client hereby authorizes the Bank to publicly disclose this Agreement and the outputs set out in the Schedule to this Agreement in their final form. With respect to underlying information (other than the final outputs) provided by the Bank in support of the Reimbursable Advisory Services, the Bank reserves the right to designate said information as confidential. The Client may publicly disclose such information only after the Bank has given its prior consent.

6. **Intellectual Property.** The intellectual property rights of the Parties in any of its pre-existing data or documents used by the Bank in connection with the Reimbursable Advisory Services shall remain with that Party. The intellectual property rights in new materials prepared by the Bank in connection with the Reimbursable Advisory Services shall belong to the Client; *provided, however*, that the Bank shall have the global, non-exclusive, perpetual (for the duration of the copyright), fully sub-licensable and royalty-free right to use, copy, display, distribute, publish and create



derivative works of all or part of these materials and incorporate the information therein in its research, papers, publications, web sites, and other media without the consent of the Client, subject to the limitations on disclosure of confidential information and any third party rights, as indicated in paragraph 5, *Confidentiality*, of this Annex 1.

7. Representation of the Bank's views and use of the Bank's name, marks and logo.

(a) The Client agrees that it shall not represent, or permit the representation of, the Bank's views without the prior written consent of the Bank.

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

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

8. Disclaimers and Liabilities.

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

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

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

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

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom left of the page.

10. ***Settlement of Disputes.***

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

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

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

12. ***Amendments.*** Any amendment or waiver of, or any consent given under, any provision of this Agreement shall be in writing and, in the case of an amendment, signed by the Parties.

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

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

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15. ***Entire Agreement and Counterparts.***

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

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

16. ***Termination.*** Notwithstanding termination or expiration of this Agreement, the provisions of this Agreement relating to (i) obligation of confidentiality under Section 5 of this Annex, (ii) the obligations spelled out in Sections 6 on Intellectual Property and 11 on Privileges and Immunities of this Annex; and (iii) the obligation of the Client to pay to the Bank remuneration for the Reimbursable Advisory Services performed prior to the date of termination or expiration of the Agreement, as well as reimbursement of any reasonable costs related to the termination of the Agreement by the Client, shall continue in full force and effect.

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a stylized, somewhat abstract shape.