



OFFICIAL DOCUMENTS



EUROPEAN COMMISSION

Structural Reform Support Service

The Director



WORLD BANK

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Administration Agreement between the European Commission on behalf of the European Union and the International Bank for Reconstruction and Development concerning the Part II Europe 2020 Programmatic Single-Donor Trust Fund (No TF073119) (EC Contract No SRSS/S2018/059)

This Administration Agreement is concluded under Direct Management in the context of the Framework Agreement between the World Bank Group and the European Commission dated April 15, 2016 which sets the general conditions for this Agreement (the "Framework Agreement"). 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 two hundred seventy-five thousand Euro (€275,000) (the "Contribution") for the ***Part II Europe 2020 Programmatic Single-Donor Trust Fund No TF073119*** (the "Trust Fund") in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is two hundred seventy-five thousand Euro (€275,000). The indicative budget set out in Annex 5 shall be used for monitoring purpose only and shall not be binding.

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

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

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

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

- (A) Promptly following countersignature – €150,000
- (B) €125,000 subject to the disbursement of 70% of the preceding instalment

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

4. When making any deposit, the Donor shall instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF No TF073119 (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 tfemitadvice@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
Regional Director, European Union
Europe and Central Asia Region
World Bank Group
Tel: + 32-2 504-0994
abanerji@worldbank.org

For the Donor (the "Donor Contact"):

Mary McCarthy
Director
Structural Reform Support Service
CHAR 10/104, 1049 Brussels
Tel: +32-2 299-3493
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.

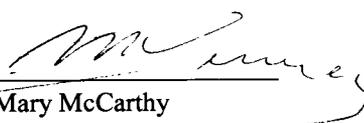
8. The measures taken to identify the EU as a source of financing shall be in accordance with Attachment 4 of the Framework Agreement.

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: Arup Banerji
Title: Regional Director, European Union
Date: September 7, 2018

EUROPEAN UNION represented by the EUROPEAN COMMISSION

P.O.
By: 
Name: Mary McCarthy
Title: Director, SRSS
Date: 12/09/2018



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PART II EUROPE 2020 PROGRAMMATIC SINGLE-DONOR 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 objectives of the 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. Background

The EU Directive 2014/59/EU on Bank Recovery and Resolution (BRRD), which was adopted in April 2014, established the rules for dealing with a bank's failure in an orderly manner across the EU. Specifically, the BRRD: a) requires the drawing up of recovery and resolution plans; b) gives power to bank supervisors to intervene early on if an institution faces financial distress; c) provides resolution tools in case of distress, including bail-in of certain liabilities; and d) provides for a framework for cooperation in cases of resolution of cross-border banking groups.

Romania has transposed BRRD by way of Law No. 312 of 2015, which came into effect in January 2016. The revised legal framework enhanced the powers of the National Bank of Romania (NBR) to deal with failing banks while the Bank Deposit Guarantee Fund (FGDB) gained greater involvement in the process. As highlighted by the recent (2018) Financial Sector Assessment Program (FSAP) in Romania, conducted jointly by the Bank and the International Monetary Fund (IMF), to date none of the new tools and powers have been applied. A key recommendation of the FSAP is to prepare and conduct a simulation exercise involving all relevant parties to help the efficacy of the framework by bringing up practical elements of bank resolution, potential coordination issues, and even possible legal constraints in the application of the revised legal framework.

The implementation of the BRRD in Romania enhanced NBR's powers to deal with failing banks while important new tools for resolution are now established in the law. As the resolution authority, NBR has the power to: i) transfer the shares or any other instruments of ownership, rights, and assets or liabilities to one or more purchasers (sale of business); (ii) cancel or reduce the liabilities of the failing bank or to convert debt into equity, as a means of restoring the institution's capital position (bail-in); (iii) separate clean and toxic assets between 'good' and 'bad' banks through a partial transfer of assets and liabilities (separation of assets); and/or (iv) transfer business to a temporary structure in order to maintain critical functions or to facilitate continuous access to deposits (bridge institution). Bail-in powers can be exercised either independently or in combination with other resolution actions. Furthermore, under

exceptional circumstances, if after all other resolution tools have been assessed and used to their maximum, and market confidence and stability remain at stake, government financial stabilisation tools may also be applied (in the form of public equity support and temporary public ownership). The NBR also has responsibility to enforce and analyze bank recovery planning requirements and the preparation of resolution plans.

Over the years, the NBR enhanced its internal resolution and supervision organization, the coordination among different crisis management functions, and related powers. At the same time, the Ministry of Public Finance (MoPF) and FGDB are also adapting to their new responsibilities and making the new toolkit operational. Inter-institutional coordination has also intensified at the domestic and international level through agreements on information sharing, and NBR's participation in supervisory and, more recently, resolution colleges for Romanian subsidiaries of foreign banks. However, some operational elements of implementing the new framework have yet to coalesce.

The recently formed Bank Resolution Department (BRD) within NBR has about 20 members (director, deputy director and two units). The BRD has completed one resolution planning cycle (including responsibilities as group resolution authority, individual resolution authority for entities not part of a consolidated supervised group, and members in colleges both organized by the Single Resolution Board and other European resolution authorities) while the second cycle is unfolding.

The BRD has developed or is in process of developing operational procedures regarding implementation of resolution tools, performing analysis of recovery plans, making resolution plans, and assessing critical functions. The BRD is preparing to perform an interagency simulation exercise in 2018 (for the NBR, FGDB, and the MoPF), aiming to help the efficacy of the Romanian framework by bringing up practical elements, potential coordination issues, and even possible legal constraints for an effective application of the principles in the law. In this context, the NBR has requested support from the European Commission under the Structural Reform Support Programme (SRSP) for the planning of internal processes and procedures specific to the resolution authority from an operational point of view.

The SRSP is an EU program that provides financing and expertise to support the implementation of institutional, administrative and growth-enhancing structural reforms. The broad objective of the support is to build more effective institutions and reinforce the capacity of national competent authorities to design and implement policies. The Structural Reform Support Service (SRSS) of the European Commission coordinates and provides technical support to EU Member States in the context of the SRSP.

Against this background, the specific objective of this Trust Fund is to strengthen the resolution capacity of the NBR and enhance its operational readiness to respond to a banking crisis. Following the technical assistance, Romania is expected to have a more effective resolution process and procedures to better handle resolution situations, which would in turn contribute to financial sector stability in Romania and in the EU.

SRSS has expressed an interest in ensuring that the Bank supports Romania in the activities to be carried out under this Agreement. Using specific expertise, the Bank offers global knowledge to help develop and disseminate good practices and promotes the application of international benchmarks and standards and provides specialized technical assistance on a) financial stability, crisis preparedness, and macroprudential frameworks; b) micro-prudential supervision and regulation; c) bank recovery and resolution.

3. Activities

The Bank will provide support to Romania by tailoring the general overarching framework for a bank resolution case study to the Romania-specific bank resolution case study. Following the preparation of the tailored case study and the resolution scenario, a crisis simulation exercise will be delivered to the Romanian authorities. After the conclusion of the exercise, an ex-post report will be provided, analyzing the decisions taken by the authorities, and including the key challenges faced in their operationalization and what other options were available in the legal resolution repertoire, as well as recommendations for enhancement of the bank crisis response mechanism.

The Bank will carry out the following activities:

Activity 1: Development of a Romania-specific resolution case study and design of the bank resolution scenario for simulation.

The Bank will:

- (a) *develop a bank resolution case study for a medium or medium-large-sized domestically-owned bank in Romania.* The case study will be based on the generic case study that is separately developed and funded by the Bank. The generic case study will be adapted to the Romanian context for bank resolution and be based on a domestic medium or medium-large bank's hypothetical or actual resolution plan with fake but realistic data shared by the authorities with the Bank;
- (b) *prepare possible resolution options* based on the different resolution tools under the Law including, *inter alia*: the bridge bank, bail-in, sale of business, separation of assets and the use of the resolution financial arrangement and the deposit guarantee scheme;
- (c) *prepare simplified balance sheets and resolution valuations* for all resolution options; and
- (d) based on (a), (b) and (c) above *design a bank resolution simulation scenario (sequencing of messages)* taking into account the new institutional bank resolution architecture. The bank resolution scenario will be used in the bank resolution simulation exercise (Activity 3).

The scenario will be plausible according to local features. The scenario is primarily a sequence of messages prepared in advance, progressively revealing, over several hours, the problems to be addressed by the participating agencies (NBR, MoPF, FGDB). Some of these messages represent "public" information, simultaneously available to all participants (and, figuratively, to the general public), and other messages emulate "private" information, communicated to just some of the participants by diverse sources (such as the staff of the participating agencies, bankers, foreign authorities, journalists, etc.)

The development of the case study and of the scenario requires detailed preparation of documentation to be shared with participants ex-ante as well as ad-hoc information to be shared during the exercise.

Documentation to be shared with participants ex-ante includes the following:

- Fact sheet: Key data and broad features of the regulatory frameworks (such as the following: capital; liquidity; Large Exposures; Minimum Requirement for own funds and Eligible Liabilities (MREL); Emergency Liquidity Assistance (ELA); insolvency

hierarchy rankings; insured deposits; etc.) based on Romanian legal framework implementing the EU regulatory framework

- Latest failing bank's balance sheet (simplified)
- The bank's recovery plan
- The bank's resolution plan
- Latest resolution and recovery plan information template (if available)

Ad-hoc information to be shared during the exercise will include inter alia:

- Assets to be offered as collateral for a possible ELA operation
- Simplified bank balance sheet and Valuation on which the decision that the bank is considered to be failing or likely to fail (FOLTF) will/can be made
- Simplified Resolution Valuation and an estimate on the amount creditors would have lost under hypothetical liquidation ("no creditor worse off than in liquidation" test (NCWOL))
- Information on some unexpected events.

All this documentation and information will be simplified by the Bank so that participants have the opportunity to understand the process and challenges in the application of legal principles and possible practical effects when deciding on different options to deal with weak banks without getting immersed in excessive detail.

Activity 2: Simulation exercise. The Bank will organize and deliver a bank resolution crisis simulation exercise in a one or two non-stop full day sessions using the documentation developed under Activity 1. The simulation exercise will help participants test their resolution plan and better understand the practical effect and possible impediments of applying certain powers of their newly established resolution framework.

Based on the new Romanian institutional architecture for bank resolution, the identity of the parties interacting during the exercise will be determined. Typically, these teams would be representing, among others, the Board of the NBR, the Supervision and Resolution Departments of the NBR and the FGDB.

Participants will receive handouts electronically (email based submission, see below) before and during the exercise simulating the information they would have available during a crisis in their respective roles as supervisors, resolution authority, etc. Participants will jointly decide on which actions to take, based on the information they receive before the exercise (legal framework, financial information, banks' recovery and resolution plans), as well ad-hoc information provided during the exercise (such as newspaper articles, investor withdrawals, valuations, offers from possible acquirers etc.)

"Public" information is published on a webpage, and "private" information is delivered via email. For confidentiality and reliability reasons, both the webpage and the emails are served inside a Local Area Network, not connected to the Internet. While "public" information typically consists of news, opinion articles, and press releases, and are reasonably standard, most "private" pieces of information need to closely resemble not just the style, but also the actual content of these communications in real life.

Since the participants interact not only among themselves but also with their respective sources of "private" information, the improvised reactions of the players become part of the exercise's scenario. Typical interactions include requests for additional information, responses to requests, and orders or instructions to other players.

Communications among participants, and between them and the team of role-players, take place exclusively in writing, thus making possible an exhaustive posterior analysis of the interactions that took

place during the exercise. Additionally, written messages are substantially less affected by the “noise” of individual personality traits (and “performing” skills) than face-to-face interactions.

Activity 3: Ex-post analysis of the simulation exercise. The Bank will:

- (a) *coordinate an ex-post event* following the conclusion of the simulation exercise at which stage the participants revisit the interactions and decisions that were taken;
- (b) *review/analyze the outcomes and practical implications* of such interactions and decisions *vis-a-vis* the new legal framework and implementation of the Law, and outline other options that could have been taken or should be available in their resolution repertoire (based on the EU resolution framework including the BRRD, DGSD and CRD);
- (c) *prepare an ex-post report*, including the above-mentioned analysis and with relevant recommendations suggested by the exercise to further strengthen the existing regulatory framework and the NBR's operational readiness in bank resolution (including co-ordination among entities and bank supervision).

Indicative Timeline

| Components/Activities | Delivered by not later than |
|---|-----------------------------|
| 1. Bank resolution case study and resolution scenario | October 2018 |
| 2. Simulation exercise | November 2018 |
| 3. Ex-post analysis and report | December 2018 |

4. Eligible Expenditures

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

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

5. Taxes

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

6. Program Criteria

6.1 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.

1. Administration of the Contributions

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

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

2. Management of the Contributions

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

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

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

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

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

3. Trust Fund Fees and Costs

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

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

4. Accounting and Financial Reporting

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

4.2 The Bank shall furnish to the Donor current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank's Trust Funds Development Partner 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 Development Partner Center secure website.

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

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

5. Progress Reporting

5.1 The Bank shall provide the Donor with **quarterly** reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall furnish to the Donor a final report on the activities financed by the Trust Fund.

5.2 The Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits

of the Bank's applicable policies and procedures. All associated costs, including any costs incurred by the Bank, shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

6. Disbursement; Cancellation; Refund

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by March 31, 2019 (the "End Disbursement Date"). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donor) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreement(s) of the Donor. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to the Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by the Donor, all calculated as Holding Currency amounts.

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

7. Disclosure; Dispute Resolution

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

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

GOVERNANCE 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.

Working Modalities

The Bank shall be in charge of the implementation of the activities described in Annex 1 to this Agreement, and shall consult with the Structural Reform Support Service (SRSS) regularly. The activities shall be undertaken in close collaboration with the SRSS and the NBR.

The SRSS shall take all appropriate measures to facilitate the Bank work in the performance of the activities, including, as needed, facilitating contacts with the NBR.

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

The Bank and the SRSS shall have regular exchanges, at least on a quarterly basis, on the progress of the project, on the work plan or schedule of project activities for the following month(s), including missions. A Representative of the SRSS shall be invited to attend all missions and all pertinent events or activities. To facilitate the organization and efficiency of such missions, events and activities, the Bank shall share with the SRSS in a timely manner the relevant documents.

Priorities and choices to be made in the planning of the activities shall be discussed and consulted between the Bank and SRSS.

It is expected that the BRD within the NBR shall be the national contact point for the activities, and shall coordinate the necessary coordination mechanisms with the Bank, FGDB, and MoPF.

It is expected that the Bank shall consult and cooperate with the BRD at all major stages of the activities to be implemented. It is expected that the NBR shall provide input for the analysis of the Bank, comment on the work plan of the project, review draft outputs and provide detailed comments.

It is expected that the outputs resulting from the Action's activities shall be delivered by the Bank to the NBR and the SRSS directly. The Bank shall share with the SRSS draft outputs. The SRSS may provide comments that the Bank may take into account. The Bank shall inform the SRSS of those cases where the SRSS feedback was not taken into consideration.

The NBR shall be solely responsible for the implementation of the recommendations in the final report.

The Bank shall notify the SRSS without delay on any circumstances likely to adversely affect the implementation and management of the Action or to significantly delay or jeopardize the performance of the activities or the expected outputs and outcomes.

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The Bank shall carry out the visibility activities agreed between the Bank and the SRSS in the Visibility Note, which may be updated from time to time by the parties, in line with Article 9 and Attachment 4 of the Framework Agreement.

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 shall be managed by a Bank Task Team Leader with relevant experience, drawing on the expertise of the World Bank Group staff with extensive experience in the financial sector and will include in-depth knowledge of EU and country-specific expertise and ability to produce high-quality deliverables.

In particular, the Bank team shall comprise of experts with the following requirements:

- Expert knowledge of the European legislation and regulations, in particular CRD IV/CRR, BRRD, DGSD, EBA's Technical Standards, Guidelines and Reports on Recovery, Resolution and DGS and State aid rules for banks; and
- Expertise in design, delivery and analysis of banking crisis simulation exercises.

Payment Requests

Requests for payments related to the activities set forth in Section 2.1 of Annex I to this Administration Agreement will be sent by the World Bank to the Commission with the reference EC Contract No. SRSS/S2018/059 and shall be addressed to:

*Mr. Giuseppe Menchi
Structural Reform Support Service
European Commission
Office CHAR 10/040
B-1049 Brussels
Belgium*

**INDICATIVE RESULTS INDICATORS FOR THE PROPOSED ACTIVITIES
SET FORTH IN SECTION 2 OF ANNEX 1 TO THIS ADMINISTRATION AGREEMENT**

| <i>Expected Results (logic of intervention)</i> | <i>Indicators</i> | <i>Baselines</i> | <i>Result goals</i> | <i>Sources of data</i> | <i>Assumptions</i> |
|--|---|---|--|---|---|
| <i>Impact</i> | | | | | |
| Effective bank resolution framework and operational resolution capacity | Improved operational readiness in bank resolution and resolution procedures and processes | | | | |
| <i>Outcome(s)</i> | | | | | |
| Enhancement of the resolution capacity of the NBR and of its operational readiness to respond to a banking crisis. | Resolution procedures and processes are tested in a simulation exercise; Improvements in the regulatory and operational framework for bank resolution | Untested resolution processes and procedures Current resolution processes and procedures | Tested resolution processes and procedures Enhanced resolution processes and procedures | NBR, Bank, EU best practices | Bank's recommendations are adopted and implemented in a satisfactory and timely manner |
| <i>Output(s)</i> | | | | | |
| 1. i) A resolution case study, ii) <i>prepare possible resolution options</i> , iii) <i>prepare simplified balance sheets and resolution valuations</i> and iv) design a bank resolution scenario for simulation | Develop a case study for the resolution of a medium or medium-large sized domestically-owned bank and a plausible, according to local features, bank resolution scenario to be used for a simulation exercise | Non-existent resolution case study; Non-existent bank resolution scenario | Case study for the resolution of a medium or medium-large sized domestically-owned bank Plausible bank resolution scenario for simulation | NBR, Bank, EU best practices, EU bank resolution framework (BRRD, DGSD, CRD, CRR) | Effective involvement of NBR in providing the expertise or relevant information including samples of the typical internal reports and memoranda circulated among the various teams and agencies in real life. |
| 2. Simulation Exercise based on the resolution case study and bank resolution scenario under Output (1) above. | Practical experience and in-depth understanding of bank resolution aspects | Limited or no practical experience in bank resolution | Participants gain practical experience in bank resolution in a realistic setting | Bank, NBR, other participants as needed, EU bank resolution | Active engagement of NBR and other agencies in participating in the simulation exercise |

| <i>Expected Results (logic of intervention)</i> | <i>Indicators</i> | <i>Baselines</i> | <i>Result goals</i> | <i>Sources of data</i> | <i>Assumptions</i> |
|--|---|--|---|--|---|
| | | | | framework (BRRD, DGSD, CRD, CRR) | |
| 3. Ex-post analysis of the simulation exercise including analysis of the simulation exercise under Output (2) above and a final report with recommendations for improvement in the regulatory framework and the NBR's operational readiness in bank resolution | Enhanced understanding of participants in bank resolution aspects | Limited or no practical experience in bank resolution Existing resolution processes and procedures. | Participants reflect and analyze the decisions and actions taken during the exercise Recommendations for enhancement of existing regulatory framework and the NBR's operational readiness in bank resolution | Bank, NBR, EU bank resolution framework (BRRD, DGSD, CRD, CRR) | Active engagement of NBR and other agencies in participating in the ex-post event Authorities implement recommendations arising from the exercise. |



**INDICATIVE BUDGET FOR THE ACTIVITIES SET FORTH IN SECTION 2 OF
ANNEX 1 TO THIS ADMINISTRATION AGREEMENT**

| | | |
|--|---|----------------|
| Staff and individual consultant services | 9 | 190,600 |
| Cost of travel | 4 | 65,900 |
| Cost of training and workshop | - | 0 |
| Other services including translation | | 4,750 |
| Sub-total | | 261,250 |
| Administration fee (5%) | | 13,750 |

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.