Administration Agreement between the European Commission and the International Bank for Reconstruction and Development concerning the Part II Europe 2020 Programmatic Single-Donor Trust Fund

Trust Fund (No. TF073493)
(EC Contract No REFORM/GA2020/007)

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 (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 four million seven hundred ninety thousand Euros (€4,790,000) (the “Contribution”) for the Part II Europe 2020 Programmatic Single-Donor Trust Fund, (No. TF073493) (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is four million seven hundred ninety thousand Euros (€4,790,000). The indicative budget set out in Annex 5 shall be used for monitoring purposes 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 - €2,395,000
(B) €1,916,000 subject to the disbursement of 70% of the preceding instalment.
(C) €479,000 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 **TF073493 (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”):

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For the Donor (the “Donor Contact”):

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6. In the event that 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: May 6, 2020

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: ________________________
Name: Maarten Verwey
Title: Acting Director General, DG REFORM
Date: May 11, 2020
ANNEX 1

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. Activities

2.1 Background, specific objectives and description of activities are:

The mission of the Directorate-General for Structural Reform Support (DG REFORM) of the European Commission is to provide support for the preparation and implementation of growth-enhancing administrative and structural reforms by mobilising EU funds and technical expertise. To this end, Member States submit requests for support under Regulation (EU) 2017/825 on the establishment of the Structural Reform Support Programme ("SRSP Regulation" or the "Programme").

Following the submission of requests and their analysis by the European Commission in accordance with the criteria and principles referred to in Article 7(2) of the SRSP Regulation, DG REFORM has agreed to support the projects laid down in this Annex I. To this end, the following projects will be carried out under this Agreement as follows:

**Strengthening Disability System in Bulgaria (indicative duration 18 months; indicative budget EUR 500 000; EC reference 20BG06)**

Project background

As of January 2019, the Bulgarian Persons with Disability Act stipulates the right of persons with disabilities to an individual complex needs assessment carried out by the specialized department in the local Social Assistance Directorates within the Social Assistance Agency. The assessment is aimed at comprehensively assessing the functioning of a person with disabilities in her/his environment as well as of her/his needs for assistance to optimize functioning and maximize well-being and participation. The 2019 impact assessment of the current methodology for the individual complex needs assessment, carried out by the Ministry of Labour and Social Policy (MoLSP), has pointed to a number of issues and
concerns, including as regards the performance, effectiveness and reliability of the new individual complex needs assessment instrument.

The Persons with Disability Act also provides for the establishment of a State Disability Agency as a new structure within the Council of Ministers as of 1 January 2021. Such an agency is meant to play a leading role in coordinating overall state policy on the rights of people with disabilities, and in preparing individual comprehensive functioning and needs assessments. Above all, the objective of the establishment of a State Disability Agency is to create a government structure that is more accessible and closer to people with disabilities, in order to provide adequate and targeted support for their social inclusion.

Against this background, Bulgaria is seeking DG REFORM support to improve the disability assessment methodology and to set up the State Disability Agency.

**Project aim / specific objective**

The specific objective of the project is to support the Ministry of Labour and Social Policy (MoLSP) of Bulgaria to strengthen and further develop its disability system, namely through supporting MoLSP in strengthening the individual comprehensive assessment of functioning and related administrative processes, and through supporting MoLSP in the development of a proposed institutional and governance structure of the new State Disability Agency.

**Main project activities to be carried out by the Bank:**

- Conduct a situational analysis of the methods and instruments currently in use for the assessment of the functioning and needs of people with disabilities;
- Support MoLSP in designing a pilot aimed at strengthening the assessment of the functioning and needs of persons with disabilities and support the MoLSP in pilot implementation and conduct statistical data analysis;
- Recommend proposed improvements of the disability assessment system based on the empirical evidence gathered through the pilot described in activity (ii) above;
- Analyze governance structure and administrative processes of the current disability assessment framework.
- Support MoLSP in developing the proposed organizational and governance set-up for the establishment of a State Disability Agency.

**Final output(s)**

- Report on the analysis of the current framework for disability assessment;
- Report on the statistical analysis of pilot data and recommendations for its implementation;
- Report with recommendations regarding proposed organizational and governance set up of the State Disability Agency.

**Bulgaria: Planning, monitoring and evaluation capacity of the National Social Security Institute (NSSI) (indicative duration 18-24 months; indicative budget EUR 400 000; EC reference 20BG08)**

**Project background**

The Government of Bulgaria considers that the current strategic planning practices at the National Social Security Institute (NSSI) and the related risk management strategies fail to capture adequately
challenges to the sustainability of the social security system stemming from the socio-economic environment – for example, demographic trends (e.g., ageing, emigration), changes in the structure of the economy (e.g., deindustrialization, digitalization) and changes in the labour market (e.g., shrinking labour force, self-employment, short-term contracts). Although Bulgaria’s overall fiscal position is currently good, according to NSSI, the projected increase in the state social security deficit is a cause of concern for the Government, especially considering projected demographic changes. Indeed, Bulgaria is one of the fastest-ageing economies in the EU and this alone will put pressure on public finances, including on social security spending. The resulting rising costs mean that stronger emphasis should be put on improving the efficiency and effectiveness of social security expenditure.

At present, NSSI staff do not possess the necessary knowledge and skills to analyse these challenges and evaluate their impacts on the social security system, as well as impacts of changes in the policy environment. The NSSI is also not equipped with the necessary tools to allow for a fully informed analysis of these challenges.

Project aim / specific objective

The aim of the project is to provide support to improve the NSSI’s ability to identify, monitor and analyse challenges to the sustainability of the social security system stemming from the socio-economic and labour market environment as well as to build NSSI’s capacity for the preparation of social security spending reviews.

More specifically, the objective of the project is to support the NSSI in:

i) building capacity to identify, monitor and analyse challenges to the sustainability of the social security system stemming from the socio-economic and labour market environment;

ii) building capacity for the use of the NSSI’s existing cohort-based macro model to examine the impact of socio-economic and labour market trends on social security programs;

iii) building capacity for conducting social security spending reviews, including through conducting a pilot social security spending review (i.e. analysing the efficiency and effectiveness of social security expenditure).

Main project activities to be carried out by the Bank:

- Training on enterprise risk management for social security systems (with a focus on management of fiscal sustainability risk, with particular emphasis on the pension program);
- Training and guidance on how to use macro models to measure the impact of socio-economic and labour market trends on the social security system;
- Training and guidance on how to conduct social security spending reviews (building on the already existing general methodological manual for spending reviews);
- Provision of support to NSSI to carry out a pilot social security spending review (exact topic to be determined) and preparing a report summarizing the findings

Note on activities related to the already existing macro model: The above activities will not train NSSI staff in the detailed programming of NSSI’s existing macro model and the Bank will not be responsible for the quality and accuracy of the outputs produced from the NSSI’s macro model. The Bank will, however, provide guidance and training on the general characteristics and structure of macro models and how they are generally used to prepare policy analysis and measure the impact of potential changes in the socio-economic environment. The Bank will not provide analysis or detailed training using the Bank’s PROST model.
Final output(s)

- Training and report on training provided and written training materials on social security enterprise risk management;
- Training and report on training provided and written training materials on general principles and use of macro models in the field of social security and the use of macro simulation models to prepare analyses of the impact of changes in socio-economic trends;
- Training and report on training provided and written training materials on the conduct of social security spending reviews;
- Technical Note for the conduct of social security spending reviews;
- Report on the pilot social security spending review analysing current spending and providing recommendations on potential saving options and efficiency gains.

Estonia: Waste system analysis *(indicative duration 12 months; indicative budget EUR 400 000; EC reference 20EE03)*

Project background:

According to the European Commission and the Government of Estonia, the municipal waste management system in Estonia is lagging on EU waste related targets. Estonia has received an Early Warning Report from the Commission in 2018. In particular, Estonia’s municipal waste recycling rate of 28%, is below the EU average of 46% and well below the 50% recycling target for 2020. It has also not improved much over the last 5 years. Estonia also needs to begin preparing to meet the more stringent targets for 2025, 2030, and 2035. In addition, the sector faces multiple challenges including inefficient waste collection, low costs of disposal, increase in landfilling, lack of technical support for municipalities, and scattered responsibilities for management of packaging waste between municipalities and producer responsibility organisations.

The Bank has provided technical support with regards to EU target alignment, recycling, extended-producer responsibility, financial sustainability, operational sustainability, institutional arrangements, and system design for other countries in the region. This project will utilise the technical expertise and experience from other solid waste management engagements to support Estonia.

Project aim / specific objective:

The specific objective of this project is to support the Ministry of the Environment of Estonia in aligning with the EU waste related targets and in turning waste into a resource.

Main project activities to be carried out by the Bank:

- Review of solid waste management system with regards to waste management operations, legal framework, and financing;
- Detailed analysis of priority areas such as plastic and bio-waste management and extended producer responsibility schemes;
- Carrying out of stakeholder consultations and analysis of roles and responsibilities within the solid waste management system;
- Support to MoE in its development of policy recommendations and a proposed action plan for national and local level actions to improve the solid waste management system

Final outputs:
• Solid waste management system assessment and analysis of options;
• Analysis and recommendations for priority areas including plastic and bio-waste management and extended producer responsibility schemes;
• Proposed Action plan and policy recommendations on national and local level actions to improve the effectiveness of solid waste management system and make it more circular.

Croatia: Measuring Performance in Public Procurement in Croatia (indicative duration 12 months; maximum project budget EUR 400 000; EC reference 20HR10)

Project background

Since 2016, the use of electronic systems for public procurement in Croatia is mandatory. The state-owned enterprise Official Gazette manages the e-procurement platform. Using data extracted from the e-procurement platform, the Ministry of Economy, Entrepreneurship and Crafts (MoEEC) prepares annual statistical reports on public procurement. The MoEEC does not have available a methodology suited for in-depth and real time analytics and does not possess the in-house expertise necessary to develop new tools and methodologies that would allow the full use of the wealth of data contained within the e-procurement platform. This in turn is considered as an impediment to the steering of the development of public policies and the efforts to ensure efficient public spending. Croatia seeks support for undertaking an in-depth assessment of the performance of the public procurement system based on procurement and contract data available in electronic format.

Project aim / specific objective

The specific objective of the project is to support the MoEEC in strengthening its public procurement system at national level, by (i) assisting the MoEEC in assessing the effectiveness of the public procurement system, (ii) identifying actionable recommendations aimed at enhancing the procurement outcomes and (iii) supporting the MoEEC in acquiring the skills and knowledge to undertake the assessment and monitor performance independently in the future.

Main project activities to be carried out by the Bank

To achieve the project objective, the Bank is expected to perform the following main activities:

• Assessing the effectiveness of the public procurement system in Croatia by analyzing relevant available procurement and contract data in electronic format;
• Preparing an assessment report on the findings of the public procurement effectiveness analysis mentioned above, and providing actionable recommendations as regards possible policy interventions and potential savings scenarios for better procurement outcomes;
• Presenting the results of the public procurement system analysis mentioned above through a web-based interactive interface (the Bank will provide a link to be used exclusively by MoEEC for the purposes of this agreement. No software will be procured for the MoEEC to this effect);
• Providing technical assistance and training to the relevant staff of the MoEEC on the use of the proposed procurement and contract data analytics methodology.

Final outputs

• Report on the analysis of the effectiveness of the public procurement system in Croatia and proposed actionable recommendations on strengthening the public procurement system;
• Report on the presentation of the results of the procurement and contract data analysis through a web-based interactive dashboard;
• Training and report on training provided through workshops/seminars on the application of the proposed procurement and contract data analytics methodology.

**Italy: assistance for the assessment of environmental tax reforms (indicative duration 12 months; indicative budget EUR 300,000; EC reference 20IT41)**

**Project background:**

Italy is planning to reform and modernise the tax system with the objectives of increasing tax efficiency, improving environmental sustainability and improving regional economic outcomes. In this regard, the Department of Finance in the Ministry of Economy and Finance (MoEF) has requested technical support from the European Commission, DG REFORM to develop a computable general equilibrium (CGE) model that could be used in conjunction with its existing microsimulation tools to analyse the effectiveness and regional cohesiveness of possible alternative tax policies. The MoEF is already working with DG REFORM and the Bank to support the MoEF in its development of a CGE model (EC project reference: 19IT29, Bank Project number: P171705) aligned with the current macro-model landscape of the MoEF, with the ultimate aim of improving the consistency in the estimates produced by the different models used by the MoEF.

The additional contribution will build on the activities already undertaken in this sector by the Bank under the existing project (P171705).

**Project aim / specific objective:**

The project objectives are to assist the MoEF in improving its analytical capacity and available modelling methods, with the aim of enabling the MoEF to: (i) estimate the fiscal and macro-economic effects of environmentally-related tax policies; and (ii) assess, at a regionally disaggregated level, the fiscal and macro-economic effects of alternative tax policies. These activities will also support the Italian authorities in developing a regionally cohesive tax reform package and in their evaluation of environment-related tax policies.

**Main project activities to be carried out by the Bank:**

• Continuing the support to MoEF in developing an environmentally aware CGE model of parts of the Italian tax system, capable of modelling environmental tax policies, by building on the outputs of the previous project (P171705);
• Supporting the MoEF to extend/further develop the CGE model developed as part of the Bank supported project P171705 with disaggregate information that captures impacts on regional disparities and localization of specific economic activities;
• Support to Developing the model to permit evaluation of the regional impacts of alternative tax policies, including those that seek to shift the tax burden from labour taxes to environmentally-related taxes (e.g., taxes on waste, energy consumption, and vehicles, as well as ‘green’ CIT and VAT rates (reduced rates for particular activities and products) and border tax adjustments);
• Conduct training sessions and workshops for relevant MoEF staff, with the aim of transmitting the knowledge/expertise necessary for the implementation of the revised CGE model developed by MoEF with the support of the Bank.

**Final output(s):**
• An initial assessment report describing the additional changes required to the CGE model developed in the scope of support provided under the project P171705 and to the MoEF’s microsimulation tools so that they can be used to analyse the fiscal, environmental, and regional impacts of alternative environmental and labour tax policies.

• A proposed environmentally and regionally aware CGE model, compatible with the microsimulation tools of the Ministry and capable of being used to analyse the Italian tax system, and the fiscal and regional impacts of alternative environmental and labour tax policies.

• A report on the technical specificities of the CGE model, and a proposed user manual providing step by step instructions on how to implement simulations using the new modelling framework.

• Training (delivered by workshop(s) and video conference) to relevant MoEF staff on the operation and maintenance of the proposed new CGE model, including practical training covering the principles of scenario design and simulations using the model.

Latvia: Academic Career Model (indicative duration: 18 months; indicative budget EUR 300 000; EC reference 20LV20)

Project background

Latvia has achieved significant progress in reforming its higher education system in recent years, in particular regarding performance-based financing and quality assurance. However, it is struggling with an outdated academic career model that features two distinct tracks: (predominantly) teaching and research careers. In addition, there are specific issues, which pose a challenge: the absence of open-ended positions; an outdated doctorate, and an ill-defined post-doctoral phase; and the lack of a clearly defined ‘exit point’ from an academic career through retirement, to name a few examples. Since the design of the academic career model is an important determinant of the attractiveness and efficiency of higher education systems, this is an issue that merits attention.

Project aim / specific objective

The specific objective of the project is to assist the Latvian Ministry of Education and Science (MoES) in reforming its academic career system by proposing a new academic career model in line with European and international good practice, including a proposed system of academic positions and related selection and promotion processes.

Main project activities to be carried out by the Bank

• Collect information on good practice in selected countries through i) desk-based research; ii) interviews and iii) study visits;

• Analyze the legislation covering academic careers i) with a view to good practice and ii) vis-à-vis a proposed new model;

• Support exchange with practitioners in other countries through study visits;

• Conduct workshops with the purpose of i) exchange of information/sharing of good practice and ii) consultations with Latvian stakeholders on the emerging model;

• Support to the MoES to develop options of the new academic career model; including i) proposed required competences of academics; ii) proposed amendments to the legislation; iii) proposed road-map for roll-out, considering financial implications and proposed model’s sustainability.

Final output(s)
• Workshops;
• Study visits (two within Europe);
• Report(s) on the recommendations for a proposed new academic career model.

Lithuania: Micro enterprise and self-employed tax and regulatory assessment to support growth
(indicative duration 18 months; indicative budget EUR 490,000; EC reference 20LT09)

Project background

According to Eurostat, Lithuania has since the financial crisis in 2009 experienced a decrease in the average annual productivity growth rate (11.0 percent in 2002-2008 and 5.2 percent in 2009-2017). The European Commission's country report for 2019 recommends; “higher investment levels are needed, especially in the private sector, in order to increase productivity growth”. In the same period, the number of Micro Enterprises (MEs) (defined by 0-9 employees) has increased by 30 percent, while at the same time the numbers of larger enterprises have decreased or have been stable.

Previous research on Lithuanian MEs demonstrates that they are “bunching” at a preferential taxation threshold of EUR 300,000 in annual revenues for the years of 2013-2017. Moreover, there is evidence that similar “bunching” occurs among the self-employed once they reach the VAT threshold (annual income of EUR 45,000 in 2018). “Bunching” is evidence of tax optimisation. The Lithuanian tax system is characterized by differential (scheduler) taxation of different sources of income and forms of activity:

1) Differential application of personal income tax, social security contributions, and corporate income tax to various sources of income (e.g. employment, self-employment, dividends, rents, interest income) and forms of taxable activities create discrepancies in tax rates which encourage entrepreneurs to tax optimise at the expense of business growth (as well as economic growth, when assuming that MEs are less productive and add less value to GDP than larger enterprises, which statistics indicate).

2) Size-based tax preferences create growth barriers by introducing a sharp increase in marginal tax rate beyond the preferential threshold. These hurdles encourage MEs to remain small and discourage self-employed from growing into larger, incorporated entities.

The project seeks to advise the Ministry of Economics and Innovation (MoEI) on introducing more neutrality in the tax system for various forms of self-employed and incorporated legal entities at different income levels, including micro enterprises, as well as systematically evaluate the interconnections between different taxes and regulations affecting the incentives of self-employed and micro enterprises. The project will assess the degree of tax optimization and bunching, provide technical support on ways to incentivise self-employed and MEs to expand, assess the impact of tax optimisation and bunching behaviour and regulatory hurdles for self-employed and MEs on economic growth and formalisation, and provide advisory support on the development of reform recommendations and knowledge by capacity building.

Project aim / specific objective

The specific objective of the project is to support MoEI in analysing the magnitude and impact on growth and formalisation of tax optimisation and bunching for micro enterprises and self-employed and building analytical capacity in this area.

Main project activities to be carried out by the Bank:
• Carrying out of analysis on the effects of tax optimization and bunching, as well as technical and legal reviews; calculation and mapping the difference in effective tax wedges across different income types and levels for owner-managers of incorporated entities and self-employed; review of legal provisions for differential application for PIT, CIT, VAT, mandatory health care insurance, and social security taxes.

• Carrying out of an assessment of the impact of the tax optimisation and bunching behavior’s limitation on economic growth and formalization of microenterprises and self-employed;

• Provision of recommendations on possible reform and sharing of knowledge by building capacity of the MOEI staff in analytical skills on: reform sequencing to limit tax optimization and provide alternative non-tax incentives; selection of appropriate indicators and benchmarks; and provision of support to MOEI for the preparation of proposed ex-post evaluation guidelines.

**Final output(s)**

• A report analysing the size of tax optimisation and bunching and the effects, with a methodology to estimate effects of tax optimisation

• A report assessing the impacts of tax optimisation and bunching on growth of MEs and self-employed, as well as the economic growth in Lithuania.

• Training materials for workshop and presentation of the produced reports;

• Recommendation report, including proposed appropriate indicators and benchmarks, proposal of growth-focus non-tax incentives as trade-offs for achieving tax neutrality, proposed ex-post evaluation guidelines, and proposed recommendation on the sequencing of different stages of reforms.

**Romania: Startup Ecosystem Strategy (indicative duration 20 months; indicative budget EUR 470 000; EC reference 20RO002)**

**Project background**

According to the European Innovation Scoreboard, Romania’s overall innovative capacity remains low and its future competitiveness is severely challenged by large productivity and innovation gaps between foreign-owned and domestic firms. Romania’s investment in research and development is the lowest in the EU (0.5% of GDP) and public research and development expenditures have declined. While there is a digital entrepreneurship ecosystem, it is still nascent. Several long-term challenges for the development of a stable knowledge-intensive entrepreneurship ecosystem stem from the low quality of the public sector science base and the underdeveloped science-business links. As the number of tertiary graduates in science, technology, engineering and mathematics has declined further, skills shortages pose a great challenge to the innovative potential of the entrepreneurship ecosystem. Aspects constraining firm productivity include regulations restricting firm competition and market entry, weak digitization, and low managerial skills.

Romania exhibits low rates of new firm creation with the ‘birth rate’ of employment generating firms mostly flat since 2011 and facing a low rate of survival, while the birth rate of individual entrepreneurs is greater than that of employment generating firms, rising from below 40% to over 80%. As regards high-growth innovative enterprises, Romania lags behind the EU average, which in itself observes low levels of companies valued at over EUR 1 billion. Data from 2014 suggests that the employment in high-growth innovative enterprises represented only 2.8% of total employment in Romania (EU average: 4.8%): Romania ranked 24th on the European Innovation Scoreboard among EU Member States on this indicator.
The overall governance and coordination of the innovation and entrepreneurship system and policy ownership of the technology-driven entrepreneurship agenda in Romania is negligible. An evidence and stakeholder driven strategic planning and programming exercise could support the strengthening of ecosystem governance mechanisms both via capacity building of public sector actors, as well as leveraging capabilities of existing private sector entrepreneurs and ecosystem enablers. There is a need to identify key activities that can be supported at the national and regional level in support of this agenda.

**Project aim / specific objective**

The specific objective of the project is to support national and regional authorities, including but not limited to the North East Regional Development Agency, Ministries of European Funds, Economy and SMEs in the identification of strategic planning and programming activities to further improve the Romanian entrepreneurship ecosystem.

**Main project activities to be carried out by the Bank:**

- Reviewing of international and European good practices on strategic planning and programming in the area of entrepreneurship support to inform recommendations and study visits;
- Collecting data for the entrepreneurship ecosystem assessment, based on focus group/interviews;
- Mapping and review of existing national, regional policies, programs supporting entrepreneurship and good practices;
- Providing evidence-based recommendations and inputs for the design of strategic planning and programming to stimulate the Romanian entrepreneurial ecosystem;
- Carrying out stakeholder workshops to validate assessment, input analysis for the strategy to be prepared by the ministries and support to stakeholders in the identification of a pilot;
- Carrying out of capacity building training sessions with national and regional stakeholders, involved in strategy design and governance, on the pilot implementation, and ecosystem stimulation events and assistance with identification of relevant study visits.

**Final outputs**

- Report summarizing inputs to the Romanian authorities in their preparation of a proposed Entrepreneurship Strategy;
- Report summarizing recommendations on policies and instruments for implementation of the Entrepreneurship Strategy;
- Report identifying operational guidelines for the implementation of a pilot to support the Entrepreneurship Strategy, to be deployed by the authorities;
- Note conceptualizing relevant study visits, including objectives, participants, counterparts, agenda;
- Note conceptualizing relevant value-added partnership options for ecosystem events;
- Note on stakeholder consultation and training workshops.

**Romania: Strengthening the administrative capacity of the Civil Service Agency (indicative duration 26 months; indicative budget EUR 650 000; EC reference 20RO04)**

**Project background**

According to the Administrative Code, Romania is improving its legal and regulatory framework with the aim of modernizing their public administration human resources management. The reforms for
professionalization of the civil service are advancing albeit at a slow pace. The challenges faced by the public administration, include an ageing workforce, staff retention and motivation, and the inability to recruit based on competencies and skills.

Against this backdrop, the National Agency for Civil Servants (NACS) received a strategic mandate in accordance with the Strategy for Civil Service Development and based on the Administrative Code, to develop a competency framework for civil servants which would serve as the base for the meritocratic recruitment through a nation-wide competition. The current functions of the NACS cover the organization of the recruitment competition, the provision of guidance for the professionalization of HR departments as well as improving the management of the civil service. In order to fulfil its mandate, the NACS needs to strengthen its institutional capacities to carry out these new tasks, including providing methodological guidance to various HR departments within the public sector as well as coordinating and developing the expertise to build up a modern human resources management system within Romania.

Project aim / specific objective

The specific objective of the project is to support NACS in developing its strategic HR functions in the civil service, as well as to improve its capacity to perform.

Main project activities to be carried out by the Bank:

Component 1: Support to Developing a strategic and operational framework for the National Agency of Civil Servants to deliver its mandate.

Activities under this component will include:
- carrying out analysis of the current strategic and operational capacity of NACS including job analyses and training needs assessment;
- Providing technical inputs for the elaboration of the proposed NACS Development Strategy 2020-2027 and associated institutional capacity building proposed Action Plan;
- Support to the development of a proposed organizational structure, staffing plan and job descriptions based on the competency gap assessment in the NACS; and
- Developing a branding and communication proposed strategy for the NACS.

Component 2: Support NACS in the development of the strategic HR functions and NACS expert assistance capacity.

Activities under this component will include:
- Support to developing and implementing a training plan for NACS staff, in relation to its functions;
- Support to developing guidelines for the implementation of competency framework, the national competition and other HRM functions of NACS.; and
- Support to developing and piloting tailored training programs.

Component 3: Provision of Capacity Building activities for the National Agency of Civil Servants

Activities under this component will include:
- capacity building activities for up to twenty (20) officials from the NACS on strengthening institutional change management capacities and on strengthening coordination mechanisms with HR departments.
Final output(s)

Component 1:

- Output 1.1 Report on analysis of the mandate, functions, jobs and competencies within NACS, including a training needs assessment.
- Output 1.2: Technical input to the proposed NACS Development Strategy 2020-2027
- Output 1.3: Recommendation on a proposed Organizational structure, staffing plan and job descriptions for the NACS;
- Output 1.4: recommendation for the branding and communications proposed strategy for the NACS

Component 2:

- Output 2.1 proposed Training plan for NACS staff
- Output 2.2 tools, guidelines and working procedures for the implementation of two HRM functions of the NACS (such as competency framework, national competition, performance management, career management, among others)
- Output 2.3 tailored training programmes

Component 3:

- Output 3.1 capacity building activities and report on capacity building activities carried out for 20 staff from NACS

Romania: Developing an integrated system of prevention, intervention and compensation in order to increase school participation (indicative duration 24 months; indicative budget EUR 400 000; EC reference 20RO23)

Project background

Despite some previous measures, focusing on issues such as bringing those not in education, employment or training (NEETs) back to school or facilitating school attendance for pupils from poor families, the early school leaving (ESL) rate remains high (although slightly improving). This suggests that the high ESL rate has structural causes that may include insufficient regulatory, institutional and governance structures.

Considering the modest capacity of the Ministry of Education and Research (MoER) to address these different aspects in a systematic manner, the request from Romania builds upon ongoing DG REFORM support to the Ministry of Education, which has already developed an Early Warning Mechanism (EWM) and will further produce a methodology for data collection, key performance indicators (KPIs) and hands-on guidance for the implementation of the EWM.

The measures outlined below would facilitate the full-scale implementation of the EWM and its long-term sustainability, while aiming to ensure alignment with other EU-funded interventions, notably European Social Fund (ESF) projects.

Project aim / specific objective

The specific objective of the project is to support the Romanian MoER in enhancing its capacity to address early school leaving in a comprehensive manner, including prevention, intervention and compensation measures.
Main project activities to be carried out by the Bank:

- Analysing the functionalities of the Romanian Education Integrated IT System (SIIIR), development of the proposed SIIIR EWM module, and guidance for end-users.
- Supporting the MoER in piloting the proposed SIIIR EWM module in selected schools in ten counties and the EWM Action Plan implementation in ten selected schools.
- Preparing a report on EWM piloting including recommendations on EWM scale-up at the national level.
- Preparing materials and developing a proposed online training module for EWM scale-up at national level.
- Organizing communication activities with relevant stakeholders and preparing a training and dissemination report.

Final output(s)

- Report on the analysis of the functionalities of the SIIIR, development of the EWM module, and guidance for end-users.
- Report on the EWM piloting undertaken in selected counties, including recommendations to MoER for their full-scale implementation of the EWM.
- Report on the training and communication activities.

Poland: Technological readiness and management skills – productivity growth drivers (indicative duration 20 months; indicative budget EUR 480 000; EC reference 20PL22)

Project background

Poland’s growth has been strong in the last 30 years, with capital accumulation contributing the most to this growth, and productivity contribution being similar to labour. With an aging society, it is expected that productivity improvements will be important for maintaining Poland’s fast growth. In the long run, the sophistication of production and the ability to upgrade technology, regardless of the sector, can drive productivity growth. The recent World Bank’s report (Return on Investment, 2019), that this project will build on, indicates that in Poland low firm management and technology adoption capabilities maybe one of the main constraints to productivity growth. Therefore, the issue of firms’ technological readiness and management skills in Poland needs to be addressed.

Project aim / specific objective

The specific objective of the project is to provide support to the Ministry of Development (MoD) to enhance the effectiveness of SME support system in Poland by improving the design of instruments supporting technology adoption and managerial capabilities.

Main project activities to be carried out by the Bank:

- Analytical work to support MoD’s understanding of the innovation needs among Polish companies and the barriers of productivity growth, using secondary data, as well as in-depth interviews with companies and managers of entrepreneurship and innovation support instruments. The analysis will focus on the areas complementary to the most recent studies on the topic;
• Implementation of the survey of technological adoption and managerial capabilities in firms in selected sectors;
• Analysis of survey data to understand the barriers to technology adoption and gaps in managerial skills among Polish small and medium-sized enterprises;
• Collection of information on good practice in the design and management of support instruments in selected countries through desk-based research and study visit(s);
• Provision of evidence-based recommendations to MoD on the design of instruments supporting managerial skills, technology adoption and innovation in SMEs;
• Provision of capacity building activities for MoD to design support instruments through workshops and study visit(s);
• Provision of support to MoD to apply to TAIEX.

Final output(s)

• A policy note discussing selected innovation needs of the Polish economy;
• Survey of firms’ technological adoption and managerial capabilities in selected sectors;
• A report analysing survey’s results with examples of good practices and recommendations;
• Note on capacity building workshops, study tour(s) and trainings.

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 workshops; 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.
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 of 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 effecuated 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 May 31, 2023 (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 3 OF ANNEX 1 TO THIS ADMINISTRATION AGREEMENT

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.

Working Modalities

1. The Bank shall be in charge of the implementation of the activities and shall consult with the Structural Reform Support Service (DG REFORM) regularly. The DG REFORM shall take all appropriate measures to facilitate the Bank work in the performance of the activities, including, as needed, facilitating contacts with local authorities.

2. Based on the project outlines described under the activities in Annex 1 to this Agreement, the Bank shall prepare and furnish to the DG REFORM promptly following signature of this Agreement, a detailed description of the activities to be carried out under each individual project described in Annex 1 of this Agreement. Each detailed project description shall contain, inter alia:
   - the detailed list of expected outcome(s), output(s) and activities;
   - In line with Bank Team composition described below, the composition and expertise of the Bank team for the specific activities to be carried out under the specific project, and, where appropriate, the resources (such as translations, facilities) to be made available by the relevant Member State Authority;
   - Where appropriate, the modalities for the regular consultations with the DG REFORM and key stakeholders involved in the activities to be carried out under the project;
   - The detailed indicative timeline of all the outputs;
   - Based on the Indicative Results Indicators contained in Annex 4, a detailed Indicative Results Indicators for the activities to be carried out under the project, including indicators, baselines, expected result goals, target groups and assumptions;
   - Based on the indicative budget of the action indicated in Article 3 of the Administrative Agreement and Annex V of the Agreement, a detailed indicative budget per project.

3. A Steering Committee, composed of the two representatives referenced to in Article 5 of the Administrative Agreement is established for the purposes of, among others, endorsing the detailed project descriptions described under the activities in Annex 1 of this Agreement.

4. No activities for individual project(s) shall start until the Steering Committee has endorsed the respective detailed project description through an exchange of letters communicated by email. Only the projects described under the activities in Annex 1 and their detailed descriptions as endorsed by the Steering Committee shall be eligible for financing out of the proceeds of the Trust Fund.

5. The Bank shall inform the DG REFORM of any subsequent changes in the approved detailed project descriptions. Subsequent significant changes of the outputs and/or budgetary reallocations between projects shall be submitted to the Steering Committee for approval.
The detailed descriptions of each project, once agreed upon by the Steering committee, shall serve as a basis for the follow up of each project's implementation. The level of detail in the progress reporting prepared under Section 5.1 of the Annex 2 to this Agreement will reflect the detailed descriptions.

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

7. The Bank and the DG REFORM shall have regular exchanges on the progress of the projects, on the Annual Work Plans or schedule of activities for the following month(s) including missions, and raise any issues as they arise concerning difficulties encountered. A Representative of the DG REFORM will be invited to attend all missions and all pertinent events or activities.

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

9. It is expected that the Bank shall consult and cooperate with the relevant Member State Authority at all major stages of the activities to be implemented under this Agreement. It is expected that the relevant Member State Authority shall provide input where necessary, comment on the work plan of the project, review draft outputs and provide detailed comments.

10. It is expected that the outputs resulting from the project’s activities shall be delivered by the Bank to the relevant Member State Authority and the DG REFORM directly. The Bank shall share with the DG REFORM draft outputs. The DG REFORM may provide comments that the Bank may take into account. The Bank shall inform the DG REFORM of those cases where the DG REFORM feedback was not taken into consideration.

11. The Bank shall notify the DG REFORM without delay on any circumstances likely to adversely affect the implementation and management of this Agreement or to significantly delay or jeopardize the performance of the activities or the expected outputs and outcomes.

12. The Bank will carry out the visibility activities agreed between the Bank and DG REFORM in the Visibility Note dated March 11, 2020, as 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 teams will
be managed by a Bank Task Team Leaders with relevant experience, drawing on the expertise of the World Bank Group staff with extensive experience on areas identified in the detailed project descriptions agreed with the DG REFORM and endorsed by the Steering Committee. The details of the Bank teams’ competencies will be outlined in the detailed project descriptions and will include in-depth knowledge of EU and country-specific expertise and ability to produce high-quality outputs.
## INDICATIVE RESULTS INDICATORS FOR THE ANNEX 1 ACTIVITIES

<table>
<thead>
<tr>
<th>Expected Results</th>
<th>Indicators</th>
<th>Baseline</th>
<th>Result goals</th>
<th>Sources of Data (verification)</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td><strong>Impact:</strong> Strengthened public administration capacity for smart, inclusive and sustainable growth</td>
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### 20BG06
**Strengthening Disability System in Bulgaria**

**Outcome:**
Ministry of Labour and Social Policy carries out a well-performing comprehensive individual assessment of functioning and needs of persons with disabilities.

**Output:**
New, empirically tested methodology for comprehensive individual functioning and needs of persons with disabilities.

<table>
<thead>
<tr>
<th>New tool has been applied by MoLSP to assess functioning and needs of persons with disabilities.</th>
<th>The current tool has been found to be complex, difficult to administer.</th>
<th>Enable comprehensive, objective assessment of functioning and needs of persons with disabilities based on a standardized, empirically tested and statistically valid and robust tools.</th>
<th>MoLSP; WB/DG Reform project reports</th>
<th>Adoption and implementation of the outputs by Government authorities</th>
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<tbody>
<tr>
<td><strong>The new methodology proposed, including administrative arrangements for its implementation</strong></td>
<td><strong>The current methodology has been found to be complex, difficult to administer with results that are difficult to interpret.</strong></td>
<td><strong>Introduce standardized, empirically tested and statistically valid and robust tools for individual comprehensive assessment of functioning and needs of persons with disabilities.</strong></td>
<td><strong>MoLSP; WB/DG Reform project reports</strong></td>
<td><strong>Adoption and implementation of the outputs by Government authorities</strong></td>
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<tr>
<td>Table: Needs Assessment and Project Details</td>
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<td><strong>Expected Results</strong></td>
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<td>needs assessment</td>
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<tr>
<td><strong>20BG08 Planning, monitoring and evaluation capacity of the National Social Security Institute (NSSI)</strong></td>
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<tr>
<td>Outcome: NSSI has greater capacity to identify, monitor, and analyze the impact of changing demographic, economic and labor market factors on the fiscal sustainability of Bulgaria’s social insurance programs that are administered by the NSSI</td>
<td>Advisory services to equip NSSI with the knowledge and tools that it needs to provide analytical support to the government of Bulgaria to assist it with maintaining a fiscally and socially sustainable social protection system, with particular emphasis on the national pension system</td>
<td>NSSI staff do not possess the necessary knowledge and skills to analyze socio-economic challenges and evaluate their impacts on the social security system</td>
<td>NSSI staff have increased capacity to carry out enterprise risk management particularly with respect to fiscal sustainability risks</td>
<td>NSSI; Project</td>
</tr>
<tr>
<td></td>
<td>Training on enterprise risk management</td>
<td>Training not delivered</td>
<td>Training delivered, equipping NSSI to draft its Risk</td>
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<tr>
<th>Expected Results</th>
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<th>Result goals</th>
<th>Sources of Data (verificatio n)</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td><strong>Output:</strong></td>
<td>Training on overall enterprise risk management for social security administrative organizations</td>
<td>for social security systems (focus on management of fiscal sustainability risk, with particular emphasis on the pension program)</td>
<td>Management strategy 2021-2023</td>
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<tr>
<td><strong>20EE03 Estonia Waste system analysis</strong></td>
<td><strong>Outcome:</strong> Better alignment of the Estonian municipal waste management system with EU waste related targets</td>
<td>Advisory services to support the Ministry of the Environment of Estonia in aligning with the EU waste related targets and in turning waste into a resource.</td>
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<td>Output: Action plan and policy</td>
<td></td>
<td>The municipal waste management system in Estonia is lagging on EU waste related targets</td>
<td>Estonian Ministry of Environment better equipped to make progress on EU targets in the municipal waste management sector</td>
<td>Adoption and implementation of the outputs by Government authorities</td>
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<td></td>
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<td>Existing action plan for improving effectiveness of municipal SWM system has not resulted in achieving EU performance targets</td>
<td>Policy recommendation and high-level Action plan is delivered to the</td>
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<td>Support to MoE in its development of policy recommendations and a proposed action plan for national and local level actions to</td>
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<td>recommendatio...</td>
<td>improve the SWM system</td>
<td></td>
<td>Estonian authorities</td>
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<td>20HR10 Measuring Performance in Public Procurement in Croatia</td>
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<tr>
<td>Outcome:</td>
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<tr>
<td>MoEEC has increased capacity to effectively assess and monitor the performance of public spending in Croatia and to make informed procurement decisions and policy interventions.</td>
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<tr>
<td>Output:</td>
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<td>Report on the analysis of the</td>
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<td>Project, MoEEC</td>
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<tr>
<td>Project</td>
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<td>Full and sufficient dataset available from the e-procurement system</td>
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<tr>
<td>Expected Results</td>
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<tr>
<td>Effectiveness of the public procurement system in Croatia and proposed actionable recommendations on strengthening the public procurement system</td>
<td>MoEF does not have the necessary analytical capacity and available modelling methods to: (i) estimate the fiscal and macro-economic effects of environmentally-related tax policies; and (ii) assess, at a regionally disaggregated level, the fiscal and macro-economic effects of alternative tax policies</td>
<td>MoEF equipped with the necessary modelling methods and training</td>
<td>MoEF; Project</td>
<td>Adoption and maintenance of the outputs by Government authorities</td>
<td></td>
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</tbody>
</table>

**20IT41 Italy: assistance for the assessment of environmental tax reforms**

**Outcome:**
Italian authorities better equipped to develop a regionally cohesive tax reform package and to evaluate environment-related tax policies

Advisory support to MoEF in improving its analytical capacity and available modelling methods
<table>
<thead>
<tr>
<th>Expected Results</th>
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<th>Result goals</th>
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<tbody>
<tr>
<td><strong>Output:</strong></td>
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<tr>
<td>An environmentally and regionally aware CGE model, compatible with the microsimulation tools of the Ministry and capable of being used to analyse the Italian tax system, and the fiscal and regional impacts of alternative tax policies.</td>
<td>Continued support the MoEF in developing an environmentally aware CGE model of parts of the Italian tax system and to developing the model to permit evaluation of the regional impacts of alternative tax policies</td>
<td>Environmentally and regionally aware CGE model not developed</td>
<td>Model developed and staff trained on its operation and maintenance</td>
<td>MoEF; Project</td>
<td>the outputs by Government authorities</td>
</tr>
<tr>
<td><strong>20LV20 Latvia Academic Career Model</strong></td>
<td>Advisory services to assist the Latvian Ministry of Education and Science (MoES) in reforming its Latvian higher education system has an outdated academic career model, which can limit MoES provided with tools for building a new academic career model, including a proposed system of</td>
<td>MoES provided with tools for building a new academic career model, including a proposed system of</td>
<td>Project; MoES</td>
<td>Adoption and implementation of the outputs by Government authorities</td>
<td></td>
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<tr>
<td>Expected Results</td>
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</tr>
<tr>
<td>Enhanced attractiveness and efficiency of the Latvian higher education system, in line with European and international good practice</td>
<td>academic career system by proposing a new academic career model in line with European and international good practice</td>
<td>its attractiveness and efficiency</td>
<td>academic positions and related selection and promotion processes</td>
<td>Project; MoES</td>
<td>Adoption and implementation of the outputs by Government authorities</td>
</tr>
<tr>
<td><strong>Output:</strong> Report on the recommendations for a proposed new academic career model</td>
<td>Support to the MoES to develop options of the new academic career model, including proposed roadmap for roll-out</td>
<td>Options for a new academic career model not developed</td>
<td>Report delivered, including recommendations for a new academic career model</td>
<td></td>
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</tr>
<tr>
<td>20LT09 Lithuania: Micro enterprise and self-employed tax and regulatory assessment to support growth</td>
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<tr>
<td>Expected Results</td>
<td>Indicators</td>
<td>Baseline</td>
<td>Result goals</td>
<td>Sources of Data (verification)</td>
<td>Assumptions</td>
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</tr>
<tr>
<td><strong>Outcome:</strong> The Ministry of Economics and Innovation (MoEI) has increased capacity to assess the impact of Lithuania’s differential tax system, and the resulting tax optimisation and bunching practices by MEs and self-employed, on productivity, growth and formalization.</td>
<td>Analytical capacity and availability of data and tools to simulate economic impacts of the tax system and tax policies.</td>
<td>MoEI does not have data, analytical tools and capacity to assess impact of the current differential tax system.</td>
<td>MoEI has the ability to run scenarios and analyze the economic impact of differential tax systems and variations in tax policy for MEs and self-employed.</td>
<td>Project report from training and technical support activities.</td>
<td>The MoEI has actively participated in the development of the project and involved technical staff in the implementation and training activities.</td>
</tr>
<tr>
<td><strong>Output 2:</strong> A report assessing the impacts of tax optimisation and bunching on productivity and growth of MEs and self-employed, as well as the overall economic growth in Lithuania.</td>
<td>Quantification of productivity and economic opportunity cost from tax optimisation</td>
<td>Information not available</td>
<td>Estimation of productivity and economic opportunity cost of tax optimisation and bunching practices based</td>
<td>Project report</td>
<td>Availability of basic data and agreed methodology and scenarios by</td>
</tr>
<tr>
<td>Expected Results</td>
<td>Indicators</td>
<td>Baseline</td>
<td>Result goals</td>
<td>Sources of Data (verification)</td>
<td>Assumptions</td>
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</tr>
<tr>
<td>and bunching practices by MEs and self-employed in Lithuania</td>
<td>on tax neutrality scenarios</td>
<td>accepted by MoEI</td>
<td>government authorities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**20RO02 Romania Startup Ecosystem Strategy**

**Outcome:**
Improved evidence-driven coordination among entrepreneur ship stakeholders, with the view to strengthen policymaking and programming for technology entreprenuer ship in Romania.

**Output:**
Report with recommendations on policies and instruments to support

Advisory support to regional and national authorities for strategic planning and programming on entrepreneurship.

Ecosystem coordination mechanisms very limited and absence of evidence- and stakeholder-driven strategic planning.

Ecosystem coordination mechanisms and strategic planning processes stimulated.

Adoption of the outputs by relevant authorities and ecosystem stakeholders in planning and programming processes.

Adoption of the outputs by relevant authorities and ecosystem stakeholders in planning and programming processes.

Evidence and stakeholder driven strategic planning and programming exercise carried out, leading to a

No report

Report delivered

Workshops held

Project; North East Regional Developme nt Authority

Project; North East Regional Developme nt Authority

EK
<table>
<thead>
<tr>
<th>Expected Results</th>
<th>Indicators</th>
<th>Baseline</th>
<th>Result goals</th>
<th>Sources of Data (verification)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>implementation of the Entrepreneurship Strategy in Romania (based on stakeholder engagement)</td>
<td>recommendatio ns report</td>
<td>Baseline Result goals</td>
<td>Sources of Data (verification)</td>
<td>Assumptions</td>
<td></td>
</tr>
<tr>
<td><strong>20RO04 Romania: Strengthening the administrative capacity of the Civil Service Agency</strong></td>
<td>Advisory services to develop the administrative capacities of the National Agency for Civil servants (NACS) to deliver key HRM reforms in the Romanian civil service, as mandated by the new Administrative Code</td>
<td>Low administrative capabilities to deliver the new reform measures for the Romanian civil service adopted in the Administrative Code</td>
<td>NACS is better equipped to effectively implement HRM reforms on competency framework and national recruitment competition</td>
<td>Adoption and implementation of the outputs by NACS.</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome:</strong> Improved administrative capacity to:</td>
<td>Report on the strategic and organizational capabilities to deliver the new reform measures for the Romanian civil service adopted in the Administrative Code</td>
<td>Low attractiveness of the Romanian civil service for the highly skilled candidates</td>
<td>Project, NACS database</td>
<td>Adoption by the Government of the regulations on the competency framework and the national competition, in line with the models developed under the HRM RAS.</td>
<td></td>
</tr>
<tr>
<td>(i) deliver key HRM reforms and adopt strategies in the Romanian civil service, in line with international good practice</td>
<td>No institutional framework and operational tools in place suited for the implementation</td>
<td>Institutional and operational tools co-</td>
<td>Project, NACS database</td>
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</tr>
<tr>
<td>(ii) attract and retain qualified civil servants</td>
<td></td>
<td></td>
<td>Institutional and operational tools co-</td>
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</tbody>
</table>

EK
### Expected Results

<table>
<thead>
<tr>
<th>Output: Proposed strategic and operational framework and tools for NACS to facilitate implementation of key HRM reforms related to the competency framework and the national competition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators</strong></td>
</tr>
<tr>
<td>framework, as well as on the operational tools proposed for NACS to use for the introduction of the competency framework and the national competition</td>
</tr>
<tr>
<td><strong>Baseline</strong></td>
</tr>
<tr>
<td>n of the HRM reforms related to the competency framework and the national competition</td>
</tr>
<tr>
<td><strong>Result goals</strong></td>
</tr>
<tr>
<td>developed and delivered to the NACS to facilitate implementation of the competency framework and the national competition</td>
</tr>
<tr>
<td><strong>Sources of Data (verification)</strong></td>
</tr>
<tr>
<td>of the outputs by NACS.</td>
</tr>
<tr>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td>High level support to ensure staff participation from NACS and from HR departments in capacity building activities</td>
</tr>
</tbody>
</table>

#### 20RO23 Developing an integrated system of prevention, intervention and compensation in order to increase school participation

- **Advisory services to support MoER to address ESL and monitor prevention, intervention, and compensation measures**
- **The Romanian education system is lagging on ESL related targets.**
- **MoER better prepared to address and monitor early school leaving.**
- **Project; MoER**
- **Adoption and implementation of Early Warning Mechanism.**
<table>
<thead>
<tr>
<th>Expected Results</th>
<th>Indicators</th>
<th>Baseline</th>
<th>Result goals</th>
<th>Sources of Data (verification)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome:</strong> Romanian Ministry of Education and Research (MoER) has increased capacity to address early school leaving and monitor prevention, intervention, and compensation measures in view of scaling-up the Early Warning Mechanism (EWM) implementation at the national level.</td>
<td>Pilot of EWM module in ten counties and of the EWM Action Plan in ten schools</td>
<td>No pilot in place</td>
<td>Report delivered on the pilot including recommendations for full-scale implementation of the EWM</td>
<td>MoER; NIISE</td>
<td>Findings from EWM piloting will inform recommendations and guidance on steps, required resources for EWM scaling-up at the national level.</td>
</tr>
<tr>
<td><strong>Output:</strong> Report on EWM piloting undertaken in selected counties, including recommendations to MoER for full-scale</td>
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<thead>
<tr>
<th>Expected Results</th>
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<th>Result goals</th>
<th>Sources of Data (verification)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>implementation of the EWM</td>
<td>20PL22 Poland: Technological readiness and management skills – productivity growth drivers</td>
<td></td>
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<td></td>
<td></td>
<td>Advisory services to assist the Ministry of Development (MoD) in adjusting one managerial skills or technology adoption program (e.g. Akademia Menadżera), or creating a new pilot program, in line with European and international good practice</td>
<td></td>
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<td></td>
<td></td>
<td>Analytical work to support MoD’s understanding of the innovation needs among Polish entrepreneurs</td>
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<td></td>
<td></td>
<td>There are gaps in the system supporting managerial skills and technology adoption in Poland, and relatively recently introduced programs (e.g. Akademia Menadżera) will need effectiveness assessment and likely adjustments</td>
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<tr>
<td></td>
<td></td>
<td>Policy note not available</td>
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<tr>
<td></td>
<td></td>
<td>MoD provided with tools and capacity for adjusting either existing or designing a new pilot program on managerial skills or technology adoption</td>
<td></td>
<td></td>
<td>Adoption and implementation of the outputs by Government authorities</td>
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<td>Project; MoD</td>
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</table>

Adoption and implementation of the outputs by Government authorities
<table>
<thead>
<tr>
<th><strong>Expected Results</strong></th>
<th><strong>Indicators</strong></th>
<th><strong>Baseline</strong></th>
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<th><strong>Sources of Data (verification)</strong></th>
<th><strong>Assumptions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output:</strong></td>
<td>companies and the barriers of productivity growth</td>
<td>Policy note delivered, supporting MoD’s understanding of the innovation needs among Polish companies and the barriers of productivity growth</td>
<td></td>
<td></td>
<td>by Government authorities</td>
</tr>
<tr>
<td>Policy note discussing selected innovation needs of the Polish economy</td>
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</table>

Policy note delivered, supporting MoD’s understanding of the innovation needs among Polish companies and the barriers of productivity growth.
ANNEX 5

INDICATIVE BUDGET
FOR THE ANNEX 1 ACTIVITIES

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount in Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff and consultant services</td>
<td>3,276,360</td>
</tr>
<tr>
<td>Cost of travel</td>
<td>682,575</td>
</tr>
<tr>
<td>Training and workshops</td>
<td>455,050</td>
</tr>
<tr>
<td>Other services including translation</td>
<td>136,515</td>
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<tr>
<td><strong>Sub-total</strong></td>
<td><strong>4,550,500</strong></td>
</tr>
<tr>
<td>Administration fee (5%)</td>
<td>239,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,790,000</strong></td>
</tr>
</tbody>
</table>

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

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