

OFFICIAL DOCUMENTS



***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 TF072952)
(EC Contract No SRSS/S2017/027)***

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 ten thousand Euros (€ 210,000) (the "Contribution") for the ***Part II Europe 2020 Programmatic Single-Donor Trust Fund*** (the "Trust Fund") in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is two hundred ten thousand Euros (€210,000). 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 November 1, 2017.

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 – €147,000
- (B) €63,000 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 TF072952 (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").

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In addition, the Donor shall provide a copy of the Deposit Instructions to the Bank's Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Agreement shall be in writing and delivered by mail, fax or e-mail to the respective Party's address specified below or at such other address as such Party notifies in writing to the other Party from time to time:

For the Bank (the "Bank Contact"):

Arup Banerji
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.

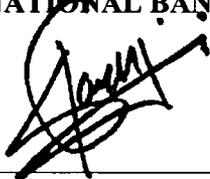
7. All annexes hereto and the Framework Agreement between the World Bank Group and the European Commission constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. In the event of any 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.

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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: November 21, 2017

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: 
Name: Mary McCarthy
Title: Director
Date: 30 NOV. 2017





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

The European Commission, particularly the Structural Reform Support Services (SRSS), has expressed an interest in ensuring that the Bank provides analytical, advisory and knowledge services in the framework of the Trust Fund to support the Government of Croatia in reforming the regulation of professions in Croatia.

The regulatory environment for services has been highlighted as a barrier to investment and growth in the *2017 Country report on Croatia* prepared by the European Commission. Moreover, according to the Bank's fall 2016 *EU Regular Economic Report* services liberalization in Croatia can also bring about larger productivity gains than in other EU economies.

A key concern is restrictive regulation of professions which constrains competition between service providers and leads to allocative, productive, and dynamic inefficiencies in services but also in subdued output and high prices in other sectors. According to the *Communication on reform recommendations for regulation in professional services*¹ regulation in this area “creates obstacles for the functioning of the Single Market and holds back the potential for growth and job creation in the EU economies”. At the individual level this translates into higher costs for businesses and consumers and fewer employment opportunities and reduced worker mobility.

Croatia is among the countries with the largest payoffs to reform. In 2015, 31% of Croatian workers required certification, licenses, or an exam to practice their profession – compared to an average of 22% for all EU countries. The European Commission's regulated professions database records close to 300

¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on reform recommendations for regulation in professional services, COM(2016) 820 final.

regulated professions in Croatia compared to 200 on average in EU countries. In six out of seven professions covered by the European Commission's indicators existing requirements were found by the Commission services to be overly restrictive. Similarly, the Organization for Economic Cooperation and Development found through its Product Market Regulation indicators (PMR) more obstacles to provide services in Croatia than on average in OECD countries.

The Government of Croatia has committed to lift unnecessary restrictions in regulated professions as part of the *2016 and 2017 National Reform Program*. The general need to reduce administrative burden and implement other business environment reforms features also strongly in the 11th thematic objective of the Partnership Agreement between Croatia and the European Union. In January 2017, the Croatian government adopted the Action Plan on Administrative Burden Reduction which foresees among several other measures incremental reforms in four professions. The Ministry of Economy, Entrepreneurship and Crafts has been also leading efforts to widen reforms to additional professions.

The Ministry of Economy, Entrepreneurship and Crafts has requested additional support in screening the stock of professional services regulation as well as identifying and recommending concrete new measures which could be taken by the Croatian government to make it easier to enter and practice in selected professions with high economic relevance.

The specific objective to be carried out under this Agreement is to support Croatia in its reform of the regulation of professions by identifying unnecessary requirements (restrictions) to enter and practice in selected professions with high economic relevance and to provide the Government of Croatia with actionable information that will enable the Government to remove regulatory barriers for service providers.

Accordingly, the Bank will provide technical assistance to the government of Croatia on professional services liberalization and occupational regulation reform as follows:

Component A: Stocktaking of regulated professions

As a starting-point for reforming the regulation of professions and considering that knowledge on regulated professions in Croatia is incomplete, the Bank will carry out a stock-taking exercise of regulated professions. This work will build on existing indicators, such as the OECD Product Market Regulation indicators, the restrictiveness indicators compiled by the European Commission, as well as data published in the EU Regulated Professions Database. This component will provide the Croatian authorities with the additional base-line information for further reform of regulated professions as most professions are not covered by in-depth tools such as the PMR indicators or the restrictiveness indicators, and there have been also confirmed instances of economically vital professions not listed in the Regulated Professions Database. Restrictions for professional services restrictions are also insufficiently covered by conventional measurements of administrative burden, such as the Standard Cost Model.

Component A will include the following activities:

- (a) The Bank will verify and update the list of regulated professions in Croatia compiled as part of the reporting requirements under Professional Qualifications Directive 2005/36/EC, amended by Directive 2013/55/EU.
- (b) The Bank will identify sectors or industries, in which regulatory restrictions to competition can be particularly detrimental for markets. This analysis will use as reference the World Bank Group Market Competition Policy Assessment Toolkit and depend on the availability of data on basic economic and competition-related indicators.

- (c) The Bank will prepare a first prioritization of listed professions based on sectoral analysis and most readily available statistics, e.g., number of professionals. The prioritization will result in a longlist covering at least 60 regulated professions, which will be then subject to more detailed stock-taking on the basis of a questionnaire. The first prioritization will require to group professions by relevant market and substitutability, instead of legal designations.
- (d) The Bank will develop a questionnaire to collect information on barriers to enter and practice professions. The questionnaire will build on the ex-ante proportionality test proposed in January 2017 by the European Commission², as well as the questionnaire used by the Organization of Economic Cooperation and Development for the Product Market Regulation indicators. The Bank will rely on the Ministry of Economy, Entrepreneurship and Crafts to distribute the questionnaire to Croatian regulators and if needed other respondents. The Bank will also rely on the Ministry of Economy, Entrepreneurship and Crafts to ensure questionnaires are completed by authorized staff and returned to the Bank within up to three weeks of receipt. The questionnaire should be directed to central and local government as well as private sector organizations, such as licensing boards and professional bodies, that stipulate rules on professional entry and conduct. The Bank will pro-actively follow up with the main counterpart(s) at the Ministry to ensure that the questionnaire is dispatched and will on needs-basis provide guidance on its purpose and content in order to facilitate high response rate.
- (e) The Bank will validate the questionnaires completed by Croatian regulators to ensure information is accurate, up-to-date, and complete. The validation will entail interviews with Croatian regulators as well as desk research. The Bank will validate questionnaires for up to 60 regulated professions for which Croatian authorities have provided a completed questionnaire.

Output 1: Inventory of entry/conduct requirements in up to 60 regulated professions³, outlining identified restrictions and annexing the completed questionnaires

Component B. Analysis and identification of unnecessary restrictions to enter/ practice in selected professions and preparation of reform recommendations

The Bank will use the inventory of entry/conduct requirements in regulated professions (output of Component A) to identify unnecessary requirements and issue detailed and actionable recommendations for changes in regulations. Given resource limitations, Component B will be focused on a sub-set of professions listed under Component A and cover 12 regulated professions of relevance to the Croatian economy. The work will focus on unnecessary requirements raising the cost for or otherwise limiting the supply of service providers.

Component B will include the following activities:

² Proposal for a Directive of the European Parliament and of the Council on a proportionality test before adoption of new regulation of professions, COM(2016) 822 final.

³ For which Croatian authorities have provided a completed questionnaire.

- (a) The Bank will identify a shortlist of 12 regulated professions on the basis of the following criteria:
 - (i) relevance for the Croatian economy (as corroborated by available data on, among others, value added, number of professionals, vacancies);
 - (ii) restrictiveness of existing requirements (as proxied by comparison with international best practice); and
 - (iii) reform ownership (as indicated by regulators and the Ministry of Economy, Entrepreneurship and Crafts).
- (b) The Bank will identify unnecessary restrictions to entry/conduct in shortlisted professions based on:
 - (i) collecting background information, including administrative data, on requirements;
 - (ii) evaluating the legality of requirements;
 - (iii) evaluating the necessity of requirements by identifying public policy rationale, including risks from non-compliance and benefits from compliance;
 - (iv) evaluating the proportionality of requirements, including review of potential anti-competitive effects and regulatory costs;
 - (v) comparing with international regulatory best practice.
- (c) Based on the above, the Bank will prepare a proposed action plan. The proposed action plan will include recommendations for changes in existing regulations listed in a table together with provisions in existing regulations that should be changed, details of proposed changes, and justification/supporting evidence.
- (d) The Bank will involve Croatian regulators in the review of requirements in shortlisted professions.

Output 2: Proposal of an action plan on regulated professions including recommendations and justification for regulatory changes covering 12 professions as well as a technical note detailing the selection of 12 professions for in-depth review

Component C. Support in reform delivery

The Bank will provide support to the Government of Croatia on a demand-driven basis in the process of adopting the proposed action plan on regulated professions (output of Component C) and amending relevant regulations in line with the action plan

- (a) The Bank will participate in up to three public and inter-ministerial consultations on proposed modifications to regulations taking place during the implementation of this Agreement.
- (b) Provide technical assistance to the Ministry of Economy, Entrepreneurship and Crafts to assess the results of these consultations and monitor the implementation of the proposed action plan on regulated professions. The Bank will not be responsible for drafting the amendment to regulations or new regulations.

- (c) The Bank will organize at least one knowledge sharing event to support the Ministry of Economy, Entrepreneurship and Crafts to maximize buy-in to reform recommendations and readiness by stakeholders to implement them.

Output 3: At least one knowledge exchange event supporting the adoption of the proposed action plan on regulated professions.

Indicative outputs and timeline table

Month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Component	Activity															
A	Methodology development															
	Long-listing professions															
	Information collection															
	Validation and compilation															
B	Short-listing professions															
	Analysis															
	Preparing recommendations															
C	Participation in inter-ministerial consultations															

Note: O1 stands for Output 1, O2 stands for Output 2, O3 stands for Output 3

3. Eligible Expenditures

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

- Staff and individual consultant services;
- Cost of travel;
- Cost of training and workshop; and
- Other services including translation.

4. Taxes

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

5. Program Criteria

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

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

6. Retroactive Financing

6.1 The Trust Fund funds may be used to retroactively finance payment for eligible expenditures made as of November 1, 2017, in accordance with the Bank's applicable policies and procedures.



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 Donor 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 January 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

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

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

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 Ministry of Economy, Entrepreneurship and Crafts (the Croatian authorities).

The activities shall be undertaken in close collaboration with the SRSS and the Croatian authorities.

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 Croatian authorities 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 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 Ministry of Economy, Entrepreneurship and Crafts shall be the national contact point for the activities, and shall coordinate the necessary coordination mechanisms within the relevant stakeholders. To this end, it is expected that the Ministry will continue to use a Project Management Team, composed of relevant staff.

It is expected that the Bank shall consult and cooperate with the Project Management Team at all major stages of the activities to be implemented. It is expected that the Ministry 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 activities shall be delivered by the Bank to the Croatian authorities 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 Croatian authorities shall be solely responsible for the implementation of the recommendations of the outputs delivered by the Bank.



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

The Bank shall carry out the visibility activities agreed between the Bank and the SRSS in the Visibility Note dated October 30, 2017, which may be updated from time to time by the parties, in line with Article 9 and Attachment 4 of the Framework Agreement.

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Bank team composition:

The Bank shall, in its sole discretion, determine the composition of the staff (including staff holding consultant appointments) assigned to perform the activities under this Agreement. The Bank team will be managed by a Bank Task Team Leader with relevant experience, drawing on the expertise of the World Bank Group staff with extensive experience in, among others, professional licensing and certification, and competition policy. The details of the Bank teams' competencies will include in-depth knowledge of EU and country-specific expertise; ability to produce high-quality deliverables; and ability to provide hands-on technical assistance.

Payment Requests

Requests for payments related to the activities set forth in Section 2.1 of Annex 1 to this Administration Agreement will be sent by the World Bank to the Commission with the reference with the reference SRSS/S2017/027 and shall be addressed to:

*Grefe Financier
Mr Giuseppe Menchi
Structural Reform Support Service
European Commission
B-1049 Brussels
Belgium*



INDICATIVE RESULTS INDICATORS FOR THE ANNEX 1 ACTIVITIES

Expected Results (logic of intervention)	Indicators	Baselines	Result goals	Sources of data	Assumptions
Impact					
More competition among professional service providers leading to output, efficiency, and equity gains in services and linked sectors	Mark-ups and output in services sector	n/a	n/a	Methodology: Roeger (1995), Thum-Thyssen/Canton (2015) Data: EU-KLEMS/WIOD database OECD PMR	Product market regulation is a binding constraint for competition between service providers in Croatia Imperfect competition increases mark-ups and lowers output Impacts are detectable
	Productivity gap from regulatory barriers in services (average)	5.71%	↓	Methodology: Van Der Marel/Kren/Iootty (2016) Data: Amadeus/Orbis database OECD PMR	
Outcome					
Fewer and lower restrictions in regulated professions in Croatia	Product Market Regulation indicators	3.7 (2013)	↓	OECD Project	Reform recommendations will be implemented by Government of Croatia
	Licenses removed (change in the number of professions for which certification, license, or exam is known to be required to practice)	0	3		
	Annual compliance cost savings (US\$) for service providers	0	250,000	Project	

Outputs					
A. Inventory of entry/conduct requirements	Inventory of entry/conduct requirements in up to 60 regulated professions for which Croatian authorities completed questionnaires	0	1	Project	Relevant ministries and agencies are cooperative, willing to provide information and participate in activities
B. Action Plan	Proposal of an action plan on regulated professions including recommendations/justification for regulatory changes in 12 professions and technical note	0	1	Project	
C. Knowledge-exchange event	At least one knowledge exchange event <u>supporting the adoption of the proposed action plan on regulated professions</u>	0	1	Project	

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

Expenditure Category	Number	Amount in Euro
Staff and individual consultant services	8	150,000
Cost of travel	7 missions	30,000
Cost of training and workshop	1	10,000
Other services including translation	n/a	9,500
Sub-total		199,500
Administration fee (5%)		10,500
Total		210,000

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.