SRSS/S2019/029

EUROPEAN COMMISSION
Structural Reform Support Service

Director General

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 Trust Fund (No TF073285)

(EC Contract No SRSS/S2019/029)

This Administration Agreement is concluded under Indirect 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 Administration 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 and fifty thousand Euros (**€250,000**) (the "Contribution") for the ***Part II Europe 2020 Programmatic Single-Donor Trust Fund, No. TF073285*** (the "Trust Fund") in accordance with the terms of this Administration Agreement.

The estimated total budget of the Trust Fund is two hundred and fifty thousand Euros (€250,000). 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 February 18, 2019 pursuant to the confirmation of the Commission.

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 - €125,000.
(B) €125,000 subject to the disbursement of 70% of the preceding instalment.

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

4. When making any deposit, the Donor shall instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the

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amount deposited, that the deposit is made by the Donor for **TF073285 (*The Part II Europe 2020 Programmatic Single-Donor Trust Fund*)**, the Commission internal reference number and the date of the Administration Agreement, the name of the project for which the funds are intended, the name of the Commission department responsible for the Trust Fund and the date of the deposit (the "Deposit Instructions"). In addition, the Donor shall provide a copy of the Deposit Instructions to the Bank's Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

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

For the Bank (the "Bank Contact"):

Arup Banerji
Regional Director
Europe and Central Asia Region
Avenue Marnix 17, 2nd Floor, 1000 Brussels
The World Bank Group
Tel: + 32-2-504-0994
Abanerji@worldbank.org

For the Donor (the "Donor Contact"):

Maarten Verwey
Director General
European Commission, Structural Reform Support Service
CHAR 09/108, 1049 Brussels
Srss-finance@ec.europa.eu

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.

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: _____ p.p.

Name: Arup Banerji

Title: Regional Director

Date: April 15, 2019

EUROPEAN UNION represented by the EUROPEAN COMMISSION

By: _____ G. Nucci

po *Name:* Maarten Verwey

Title: Director General

Date: 17/04/2019

EUROPEAN COMMISSION - Structural Reform Support Service - Secretariat-General SRSS -

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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. Background

The European Commission has expressed an interest in ensuring that the Bank provides technical assistance in the framework of the Trust Fund with the specific objective of supporting the Government of Estonia on improving the legal and institutional framework for debt rehabilitation and insolvency. This is in line with Article 4 and 5.1 (c) of the regulation (EU) 2017/825 of the European Parliament and of the Council dated May 17, 2017 on the establishment of the Structural Reform Support Programme for the period 2017 to 2020 (SRSP Regulation).

The Bank is an international organization that aims to end extreme poverty and boost shared prosperity. Promoting financial sector development is essential to achieve these twin goals, and the Bank assists its member countries to build deep, inclusive, efficient, and stable financial systems in order to achieve these objectives. Debt rehabilitation and insolvency are at the core of financial sector development and the Bank has gathered substantial expertise in recent years by developing technical assistance programs around these areas, with the goal of developing the financial sector and promoting more stable and inclusive financial systems. The expertise acquired by the Bank through financial sector advisory services activities in the EU, together with its broader knowledge on financial sector development, place the Bank in a position to provide the technical assistance described in this Agreement.

Lengthy insolvency procedures with low recovery rates are one of the key shortcomings in structural barriers for Estonian businesses. The estimated recovery rate of forty percent (40%) (vs an OECD high income average of seventy-three percent (73%) and the estimated duration of 3 years for insolvency (vs an OECD high income average of 1.7 years) has been pointed out by the European Commission and the OECD as one of the most significant hurdles for an otherwise dynamic Estonian business environment. The new 2016 OECD indicator for insolvency regimes placed Estonia last among 34 OECD member countries. Estonian credit recovery rates only exceeded those of three OECD countries: Greece, Chile and Turkey.

Part of the reason for the poor results comes from the fact that Estonia has no early warning systems that tackle the issue of debt distress before the situation of businesses has worsened, and thus the options for recovery are significantly reduced. In parallel, the efficiency of preventive restructuring measures might also need improvement. In particular, creditors and debtors may lack information and incentives to take action and initiate debt-restructuring negotiations.

The efficient release of capital from insolvent or troubled companies and industries has been one of the key Economic and Financial Affairs Council (ECOFIN) recommendations to ensure the resilience of the economy[1]. In a dynamic economy, it is recommended that both the capital and the key employees of a failed business be freed for new productive business opportunities fast and with minimal losses if the creditors' interests are secured. Furthermore, efficient insolvency frameworks are relevant for digital economy and start-up ecosystems, as the cycle of business ideas from idea to implementation to market feedback is much shorter than in the past. Thus, insolvency procedures that are expected to last for 3 years may deter investors from investing in Estonia.

In this context, the Estonian Ministry of Justice is currently working on the revision of the national insolvency law, which aims to analyse the Estonian insolvency framework, including the liquidating bankruptcy proceedings and the pre-insolvency legislation. This revision is planned to be finalised by the end of 2019. To reach substantial improvements in cutting the time for proceedings and in increasing the recovery rate, major changes in the system may be needed. Possibilities for empowering and allowing stakeholders to initiate the preventive restructuring procedure outside the court system should be explored during the project. It is expected that Estonia will carry out a review of insolvency and company laws during the implementation of this Agreement and will make use of the technical assistance provided by the Bank. Moreover, the Bank will provide its support to the Government of Estonia with due consideration to the proposed and adopted legal reforms carried out in these areas by Estonia.

Against this background, Estonia is requesting technical support to support the review and implementation by Estonia of European and international best practices on early warning mechanisms and preventive restructuring frameworks, taking into account the Estonian context and the specificities of the Estonian market which is characterised by an intensive use of technology for government e-services and the design of technologies.

3. Activities

Accordingly, under this Agreement, the Bank will undertake two studies to: (i) support the review by Estonia of possible amendments to the preventive restructuring procedure (*"Saneerimine"*); and (ii) support the introduction by Estonia of early warning tools as follows:

(1) The Bank will conduct a study to review the need for the introduction of amendments to the preventive restructuring procedure in Estonia ("*Saneerimine*") in line with European and international best practices, and specifically with the Draft Directive on "Preventive Restructuring Frameworks, Second Chance and Measures to Increase the Efficiency of Restructuring, Insolvency and Discharge of Procedures" [2] to allow the early and economical restructuring of businesses. In particular, the study will include:

- Analysis of the existing insolvency law (and other insolvency-related legislation) and recommendations for reform with regard to the preventive restructuring procedure (*"Saneerimine"*) in Estonia;

[1] Available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014H0135

[2] Available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016PC0723.

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- Analysis of the best practices on preventive restructuring procedures in the European Union, including their interaction with existing data systems on debtors, such as credit registries, as a method to prevent corporate distress;
- Provision of an explanation of the potential connections existing between preventive restructuring procedures and insolvency procedures with early warning systems;
- Discussions with the Estonian authorities and key stakeholders to collect feedback and information on the practical implementation of the existing framework;
- Recommendations for the setup and the implementation of preventive restructuring procedures in Estonia;
- Presentation during a roundtable discussion with key stakeholders of a report on issues affecting preventive restructuring procedures.

The completion of the study mentioned above may require the Bank to review and provide recommendations on connected areas of law that directly affect preventive restructuring procedures, including selected provisions of corporate law, credit information law and insolvency-related legislation.

(2) The Bank will conduct a study to support Estonia in the introduction of early warning tools that: (a) detect signs of distress in businesses; and (b) trigger control mechanisms and a negotiated early solution to situations of temporary financial distress. In particular, the study will include:

- Analysis of suitable options for the establishment of early warning tools and mechanisms, including analysis of the proper financial indicators and of the role assigned to different control agencies and authorities, to foster a negotiated solution to debt problems;
- Analysis of the publicly available data sources and the data sources accessible to the public sector (such as the trade invoicing data collection by Estonian Tax and Customs Board) and data from credit registries; and the recommendations on how these datasets could be improved to establish an early warning system;
- Discussions with stakeholders in the private banking sector to determine the potential indicators that may become part of the early warnings system, which may be based on borrowers' track records using negative and positive information;
- Discussions with authorities and stakeholders to collect feedback and information on the optimal design of such systems;
- Recommendations for the setup and implementation of early warning tools in Estonia;
- Presentation during a roundtable discussion with key stakeholders of a report on issues affecting early warning tools.

Indicative Timeline of Outputs and Milestones

Milestones	Delivered by
First Bank mission to Tallinn	March 2019
Second Bank mission to Tallinn	June 2019
Delivery of first draft of study to support amendments to the preventive restructuring procedure ("*Saneerimine*")	September 2019
Third Bank mission to Tallinn: Presentation of study to support Estonia in its amendments to the preventive restructuring procedure ("*Saneerimine*") and roundtable discussion with key stakeholders	October 2019

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Milestones	Delivered by
Final delivery of study to support Estonia in its amendments to the preventive restructuring procedure ("*Saneerimine*")	November 2019
Fourth Bank mission to Tallinn	February 2020
Delivery of first draft of study to support Estonia in the introduction of early warning tools	March 2020
Fifth Bank mission to Tallinn: Presentation of study to support Estonia in the introduction of early warning tools and roundtable discussion with key stakeholders	June 2020
Final delivery of study to support Estonia in the introduction of early warning tools	July 2020

4. Eligible Expenditures

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

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

5. Taxes

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

6. Program Criteria

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

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

7. Retroactive Financing

7.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of February 18, 2019, in accordance with the Bank's applicable policies and procedures.

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ANNEX 2

STANDARD PROVISIONS

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

1. Administration of the Contributions

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

1.2 The Donor's Contribution shall be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the 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 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.

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3. Trust Fund Fees and Costs

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

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

4. Accounting and Financial Reporting

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

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

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

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

5. Progress Reporting

5.1 The Bank shall provide the Donor with **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.

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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 December 31, 2020 (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.

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ANNEX 3

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 all Administration Agreements 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 Estonian authorities.

The activities shall be undertaken in close collaboration with the SRSS and the Ministry of Economic Affairs and Communications of Estonia.

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 Estonian 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 assistance work streams the SRSS is or has been involved in.

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

It is expected that the Ministry of Economic Affairs and Communications of Estonia shall be the national contact point for the activities, and shall undertake the necessary coordination mechanisms within the Ministry, with other Ministries, the private sector and other national stakeholders. To this end, The Ministry of Economic Affairs and Communications will establish and lead a Project Management Team, composed of representatives of the Ministry of Economic Affairs and Communications, Ministry of Finance, Ministry of Justice and Bank of Estonia.

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 of Economic Affairs and Communications 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 material output produced under the activity shall be delivered by the Bank to the Ministry of Economic Affairs and Communications of Estonia, 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

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consideration. The Estonian authorities will be solely responsible for the for the implementation of the recommendations contained in the outputs.

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 will carry out the visibility activities agreed between the Bank and the SRSS in the Visibility Note, 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 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 on insolvency reform in EU Member States and other advanced jurisdictions. The Bank team will include the following competencies:

- In-depth knowledge of Europe's insolvency regimes and the EU regulatory framework for insolvency.
- Ability to assess the insolvency framework of Estonia and propose recommendations for reform in the EU context.
- Project management and other skills that will be considered necessary for the execution of the activities.

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ANNEX 4

INDICATIVE RESULTS INDICATORS FOR THE ANNEX 1 ACTIVITIES

Expected Results (logic of intervention)	***Indicators***	***Baseline***	***Result goals***	***Sources of information***	***Assumptions***
Impact	*Over the long term, the activities, outputs and associated outcomes are expected to contribute towards:* *• Wider and more affordable access to credit, especially for SMEs* *• Better business climate, increasing predictability as an incentive for foreign investment* *• Increase in resilience of existing enterprises and reduction of risks associated with entrepreneurial ventures*				
Outcome (s)					
Increased awareness by the Estonian authorities of best European and international practices related to pre-insolvency, to be used towards the introduction of amendments to the preventive restructuring procedure ("Saneerimine")	Assessment of the current preventive restructuring procedure ("Saneerimine") and related regulation against best European and international practices, and elaboration of recommendations for improvement.	Estonian authorities do not currently have a preventive restructuring procedure in line with best European and international practices.	Improved preventive restructuring procedures, in line with best European and international practices.	Ministry of Economic Affairs and Communi-cations, Ministry of Finance, Ministry of Justice, Bank of Estonia, organizations and institutions dealing with corporate insolvency issues, related EU regulation, experience from comparative jurisdictions, where appropriate.	Bank's recommendati ons are considered and implemented via introduction of amendments to the preventive restructuring procedure.
Increased awareness by the Estonian authorities of best European and international practices related to early warning systems, to be used towards the introduction of early warning tools in Estonia.	Assessment of suitable options for the establishment of early warning tools, based on country context and best European and international practices, and elaboration of recommendations	Estonian authorities do not currently have early warning tools.	Framework for the introduction of early warning tools, that (a) detects signs of distress in businesses and (b) triggers control mechanisms and a negotiated early solution to situations of temporary financial distress, following best European and international practices.	Ministry of Economic Affairs and Communi-cations, Ministry of Finance, Ministry of Justice, Bank of Estonia, organizations and institutions dealing with corporate insolvency issues, related EU regulation, experience from comparative jurisdictions, where appropriate.	Bank's recommendati ons are considered and implemented via the introduction of early warning tools in Estonia.
Output (s)					
Study to support amendments to the preventive	Report with analysis and recommen-dations	Estonian authorities do not currently	Analytical study, including proposed	Ministry of Economic Affairs and Communi-	Active engagement of the Estonian

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Expected Results (logic of intervention)	***Indicators***	***Baseline***	***Result goals***	***Sources of information***	***Assumptions***
restructuring procedure ("*Saneerimine*")	to amend the preventive restructuring procedure ("*Saneerimine*") is prepared.	have an independent study based on best European and international practices.	recommen-dations, is delivered to the Estonian authorities.	cations, Ministry of Finance, Ministry of Justice, Bank of Estonia, organizations and institutions dealing with corporate insolvency issues, related EU regulation, experience from comparative jurisdictions, where appropriate.	authorities and other stakeholders in providing information and feedback required for preparing the study.
Study to support the introduction of early warning tools	Report with analysis and recommen-dations for the introduction of early warning tools is prepared.	Estonian authorities do not currently have an independent study based on best European and international practices.	Analytical study, including proposed recommen-dations, is delivered to the Estonian authorities.	Ministry of Economic Affairs and Communi-cations, Ministry of Finance, Ministry of Justice, Bank of Estonia, organizations and institutions dealing with corporate insolvency issues, related EU regulation, experience from comparative jurisdictions, where appropriate.	Active engagement of the Estonian authorities and other stakeholders in providing information and feedback required for preparing the study.

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ANNEX 5

INDICATIVE BUDGET

FOR THE ANNEX 1 ACTIVITIES

Expenditure Category	Average Number	Amount in Euro
Staff and consultant services	4	127,500
Cost of travel	5	80,000
Training and workshops	2	10,000
Other services including translation		20,000
Sub-total		**237,500**
Administration fee (5%)		12,500
Total		**250,000**

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.

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EUROPEAN COMMISSION
Structural Reform Support Service
Labour Market, Health and Social Services

WORLD BANK GROUP

Brussels,

Subject: **Visibility note applicable to the Part II Europe 2020 Programmatic Single-Donor Trust Fund No. TF073285**

I. Title of the Administrative Agreement

Creation of pre-insolvency early warning mechanisms and solutions for out-of-Court settlements.

II. Objective

In accordance with article 9 and Attachment 4 of the Framework Agreement between the European Commission (the Commission) and the World Bank (the Bank), this note defines the visibility activities to be financed by the Bank in order to identify and explain the European Union's support for the activities of the Trust Fund (No TF073285) (EC Contract No SRSS/S2019/029) fully funded by the Commission.

III. Activities

- All press releases, publications, social media channels (*inter alia* Facebook, Twitter, Instagram), training programs, seminars or symposia or other public information materials issued shall clearly indicate that the activities have been funded by 'the European Union via the Structural Reform Support Service of the Commission'.

- Periodic and final reporting as per Article 5 of the Framework Agreement will identify the European Union as the source of financing of the Action.

- The Bank should ensure appropriate acknowledgment on any deliverable (periodic or final), funded by the European Union funds. This acknowledgment should include prominently displaying the EU logo.

- Whenever possible and appropriate, joint press releases and joint media activities should be undertaken to promote the partnership and to highlight common achievements. The Bank and the Commission shall invite each other to participate at press conferences, donor conferences and public debates on trust funds where the European Union is a significant contributor.

- Where high level visits are planned concerning joint funded activities, the Parties will inform each other and consider co-ordinating these visits and agreeing on joint messages.

- In all their common actions, the Commission and the Bank will use a common visual identity to put emphasis on their partnership.

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