



**Agreement between
the SLOVAK REPUBLIC, represented by the Ministry of Finance,
and
the COUNCIL OF EUROPE DEVELOPMENT BANK**

**in respect of
the establishment and the operation of the
Slovak Inclusive Growth Account**

WHEREAS

- the Slovak Republic, represented by the Ministry of Finance (the "**Donor**"), a Member of the Council of Europe Development Bank (the "**CEB**" or the "**Bank**"), in accordance with Article VII section 3 of the CEB's Articles of Agreement, wishes to support the CEB in accomplishing its social mandate by making a voluntary contribution to fund technical assistance (the "**Technical Assistance**") in favour of projects eligible to financing by the Bank in those countries that are Members of the CEB and are part of its "target group", with a focus on those eligible to Official Development Assistance ("**ODA**"), and, on an exceptional basis, in other CEB Member countries;
- the Slovak Republic has adopted Act No. 392/2015 Coll. of November 18, 2015 on Development Cooperation and on Amendments to Certain Acts, aimed at strengthening the position of the Slovak Republic as an emerging donor country for ODA as defined by the Organization for Economic Co-operation and Development ("**OECD**");
- the Donor approved, on 18 August 2016 and 24 November 2016 the establishment of a fiduciary account at the CEB, named the Slovak Inclusive Growth Account (the "**SIGA**" or the "**Account**") and its endowment with EUR 2 000 000 (two million) to fund such Technical Assistance;
- the Administrative Council of the CEB approved at its 300th meeting held on 17-18 November 2016 through resolution 1585 (2016) the establishment of the SIGA, in accordance with Article VII section 3 of its Articles of Agreement and its endowment by the Donor;
- the Donor and the CEB (each a "**Party**", together the "**Parties**") decided to conclude the present agreement (the "**Agreement**") to provide for the creation of the Account, to set the framework for the voluntary contribution by the Donor to the Account and to define the terms of reference of the SIGA;

NOW THEREFORE, the Parties hereto agree as follows:

1. PURPOSE

1.1 Eligible activities

The SIGA shall be used by the CEB to finance activities related to the preparation and implementation of projects aimed at addressing economic and social transformation, sustainable development and environmental sustainability in the eligible countries (the "**Activities**"), such as:

- a. Identification and pre-feasibility studies;
- b. Feasibility studies;
- c. Design and technical specifications;
- d. Environmental and social impact assessment;
- e. Business plans;
- f. Tender documentation and process;
- g. Contractual arrangements;
- h. Training and/or advisory services.

The fees for services provided under letters from (a) to (h) include the costs of remuneration of the staff of the contractor involved in delivering the services.

1.2 Eligible projects

The SIGA shall be used by the CEB to support projects eligible to CEB financing, as provided in the Bank's policy for loan and project financing.

1.3 Eligible countries

The Account shall be used by the CEB to support projects in countries that are Members of the CEB and are part of its "target group", with a main focus on those eligible to ODA. On an exceptional basis and subject to prior approval of the Donor, the Account shall also be used by the CEB to support highly social projects in CEB Members countries that are not part of the Bank's "target group".

2. RESOURCES

2.1 Account Resources

The Account Resources will consist of:

- a. Contribution: The Donor agrees to make available to the Account a voluntary contribution in an amount of EUR 2 000 000 (two million) (the "**Contribution**"), which will be paid in two instalments, the first one in the amount of EUR 1 000 000 (one million) no later than 31 December 2016 and the second one in the amount of EUR 1 000 000 (one million) upon request by the CEB, but no later than 31 December 2018. The Donor may at any time deposit further contributions in the Account with prior approval by the CEB. Such additional contributions will be governed in all respects by this Agreement.

- b. Interest: The Bank will pay interest or deduct negative interest, if any, accrued on the credit balances of the Account in accordance with Paragraph 2.6.
- c. Funds returned: Any amount disbursed from the Account and subsequently returned,

(Contribution, Interest, and Funds returned, together the "**Account Resources**").

2.2 Payment of the Contribution

The Donor shall deposit the Contribution on the following account:

Holder name: Council of Europe Development Bank
Holder address: 55 Avenue Kléber, F- 75116 Paris
Holder swift code:
Bank name: Deutsche Bank AG Frankfurt
Bank address: Taunusanlage 12, DE-60325 Frankfurt am Main, Germany
Bank swift code:
IBAN:
Reference: Slovak Inclusive Growth Account

2.3 Account, Accounting and Audit

The CEB will create the Account in the form of a fiduciary account in accordance with Article VII section 3 of the CEB's Articles of Agreement. The CEB will manage the Account in accordance with this Agreement.

The Bank will maintain the Account in Euro in accordance with the same accounting principles it follows in respect of its other fiduciary accounts.

The statement of the Account will be audited on an annual basis by the CEB's external auditors. A copy of the audited financial statements will be provided to the Donor as soon as available after the end of each financial year. The costs of the audit will be paid by the CEB.

2.4 Separation of Resources

The Account Resources will at all times and in all respects be kept in a separate book account.

Under no circumstances will the resources of the CEB be charged with, or used to discharge, losses or liabilities arising out of the operations or other activities of the Account.

2.5 Management fee

The CEB will receive a management fee, corresponding to 4.0 (four) per cent of the total amount of the Contribution paid into the Account by the Donor (the "**Management Fee**"). The Management Fee will be payable to the CEB from the Contribution upon its transfer to the Account.

2.6 Remuneration of the Account

Interest will accrue on the daily outstanding credit balances of the Account. Such Interest is calculated on the basis of the monthly average of the Euro Overnight Index Average (EONIA) defined as the reference rate calculated by the European Central Bank and published on Reuters page "EONIA" minus 30 basis points (-0.30%). For non-business days the reference EONIA rate of the preceding working business day shall apply. The interest amount is calculated on an actual/360 day-count-fraction. Interest is credited at the end of each month as the sole remuneration.

In case of negative interest resulting from the remuneration formula stated above, the Account Resources will decrease accordingly.

3. GOVERNANCE

3.1 Role of the CEB

The Bank will have two main roles:

- a. Identify, appraise, approve and if applicable, obtain approval from the Donor for and monitor the implementation of the Activities financed from the Account,
- b. Administer the Account Resources and report on the use of the Account Resources to the Donor and the Administrative Council of the Bank.

3.2 Approval of Activities

Approval of activities financed by the Account will be governed by the applicable policies and procedures of the CEB. Activities whose estimated costs exceed EUR 50 000 (fifty thousand) will also require the approval of the Donor. To this end, the CEB will send the Activity proposal to the Donor. Each Activity proposal shall include the proposed terms of reference and an indicative budget for the assignment. The approval or rejection of the proposal will be communicated to the CEB within 15 (fifteen) calendar days after the receipt of the proposal by the Donor. If within such period no approval or rejection is received by the CEB, the proposal will be considered approved by the Donor. Where circumstances arise that substantially affect the implementation, terms of reference and/or the budget of an assignment, the CEB shall without delay inform the Donor, and the Parties shall review the situation and agree on appropriate actions.

3.3 Applicable policies and procedures

Activities financed by the Account will be procured, implemented and monitored in accordance with the applicable policies and procedures of the CEB.

3.4 Reporting

a. Annual meeting

Representatives of the CEB and the Donor shall endeavour to meet once a year to review Activities financed by the Account. Whenever so requested by the Donor, the CEB shall assist the Donor in obtaining permission to visit a project which benefits from Activities financed by the Account.

b. Annual progress reports and *ad-hoc* information

The CEB shall provide the Donor with annual progress reports. The annual progress report shall include an account statement on the use of the Account Resources certified by the CEB's external auditor (given in the context of the CEB's annual external audit).

In addition, upon special request by the Donor, the CEB shall provide to the Donor such any other information on the Activities as may be reasonably requested from time to time for public information, dissemination or other purposes.

c. ODA reporting

The CEB shall provide the Donor with information on any disbursement made from the Account to finance Activities in favour of projects located in ODA-eligible countries which the Donor may wish to report to the OECD.

d. Mutual information

The Donor and the CEB shall promptly inform each other of any event or situation which might affect the implementation of the Activities and which may necessitate an agreement on a modification or an alteration in the scope or execution thereof or in other aspects of this Agreement.

3.5 Evaluation of Activities

The Donor reserves the right to review or evaluate the Activities financed by the Account. The Donor and the CEB shall agree on the scope and conduct of such review or evaluation, and the CEB shall provide all relevant information within the limits of its policies and procedures. All associated costs will be borne by the Donor, unless otherwise agreed. It is understood that any such review or evaluation will not constitute an audit of the Account, and that any audit will be performed solely in accordance with Paragraph 2.3 of this Agreement.

4. MANAGEMENT

4.1 Transfer and Administration of Donor Contribution

The Donor presumes that the primary purpose of providing resources is their transfer to the SIGA. The Contribution and any further replenishment to the Account will fulfil the purpose of ODA as defined by the OECD and/or purpose of the Technical Assistance.

4.2 Fiduciary Accounts Officer

To facilitate the setting up of the Account, the Donor, in agreement with the CEB, will assign to the CEB a fiduciary accounts officer (the "**Fiduciary Accounts Officer**"). The Fiduciary Accounts Officer will provide support to the CEB services involved in managing the SIGA and other CEB fiduciary accounts. The Fiduciary Accounts Officer's secondment, which is foreseen to last three months, shall be the subject of a secondment agreement between the CEB and the Donor. The duration of the secondment shall be extended upon agreement with the CEB, subject to a limit of two (2) years in total. The cost of this Fiduciary Accounts Officer's secondment shall be deducted from the Account Resources.

4.3 Visibility

The CEB will ensure that in the CEB publications and communications with stakeholders appropriate visibility is given to the Account, the Activities financed with the Account Resources and the Donor whenever/wherever appropriate.

4.4 Liability

In managing the Account and the Account Resources, the CEB will exercise the same amount of care and diligence as it exercises with respect to its own resources and shall have no further liability to the Donor in respect thereof.

The Donor will not assume liability in respect of (i) any third party claims for damages arising out of the implementation of a project supported by the Account, or (ii) any damage or injury sustained by the staff or property of the CEB arising out of the management of the Account.

4.5 Entry into force and Duration

This Agreement shall enter into force upon signature by the Donor and the CEB and, subject to the provision of this Article, shall remain valid until the Account Resources, including any future contributions from the Donor, shall have been utilised by the CEB as provided for in this Agreement.

4.6 Termination

If at any time it appears to either Party that the purposes of this Agreement can no longer effectively or appropriately be carried out, this Agreement may be terminated at the initiative of such Party on 90 (ninety) days' notice in writing to the other Party.

Upon termination of this Agreement, unless the Parties otherwise agree, any Account Resources remaining on the Account shall be returned to the Donor.

Promptly after all Account Resources have been utilised, or after termination of this Agreement, the CEB shall furnish to the Donor a final report on Activities financed from the Account. The report shall include an account statement on the use of the Account Resources certified by the CEB's external auditor (given in the context of the CEB's annual external audit).

4.7 Communication

Any notice or request required or permitted to be given or made under this Agreement shall be in writing or by email and shall be given at such Party's address in:

For the Donor

Ministry of Finance of the Slovak Republic
Stefanovicova 5, P.O.BOX 82
817 82 Bratislava 15
Slovak Republic

Attention: Director General, International Relations Section
Email: martina.kobilicova@mfsr.sk
Copy: iveta.lukacova@mfsr.sk

For the CEB

Department for Donor Relations and Fiduciary Accounts
Council of Europe Development Bank
55 avenue Kléber
F-75116 Paris
France
Fax n°: +33 1 47 55 37 81
Ceb-donor-relations@coebank.org

4.8 Dispute resolution

All differences and disputes arising out of, or in connection with the implementation of this Agreement shall be settled amicably.

4.9 Amendment

This Agreement may be amended only by written agreement of the Parties hereto.

IN WITNESS WHEREOF, the undersigned duly authorized thereto, have signed this Agreement in two original copies in the English language, one original for each of the Parties.

For and on behalf of:

The Ministry of Finance of the Slovak Republic

For and on behalf of:

The Council of Europe Development Bank

Signature: _____

Signature: _____

Name: Mr Peter Kažimír

Name: Mr Rolf Wenzel

Title: Minister of Finance

Title: Governor

Date: _____

Date: _____

