
No. 83/2016/3.2

REIMBURSABLE ADVISORY SERVICES AGREEMENT

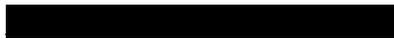
between the

MINISTRY OF ENVIRONMENT OF THE SLOVAK REPUBLIC

and the

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated



AGREEMENT FOR REIMBURSABLE ADVISORY SERVICES

AGREEMENT dated [REDACTED], between the MINISTRY OF ENVIRONMENT OF THE SLOVAK REPUBLIC (the “Client”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”) (jointly referred to as “the Parties”).

WHEREAS, the Client has requested the Bank, to assist the Client: a) build technical capacity in economic modeling to support sustained growth of Slovakia’s economy, and b) contribute to preparation of a new strategy for low carbon growth in line with EU 2030 energy and climate policies which the Bank has agreed to provide upon the terms and conditions contained in this Agreement (the “Reimbursable Advisory Service” or “RAS”).

NOW, therefore, the Parties hereto agree as follows:

1. **Reimbursable Advisory Services.** The Bank shall provide to the Client the services described in the Schedule to this Agreement, on the terms and conditions set out in this Agreement, including the Annex hereto, which constitutes an integral part hereof.
2. **Client Contacts.** In carrying out the Reimbursable Advisory Services, the Bank will work closely with the designated officials of the Client. The Client will provide the Bank with the names and contact information for said designated officials.
3. **Timing.** While the Bank undertakes to mobilize all reasonable means available to it to carry out the Reimbursable Advisory Services in a timely manner, the work program and timetable set out in the Schedule to this Agreement have been prepared in good faith based in light of information currently available to the Bank, and are given on an indicative basis assuming that: (i) the Client and its personnel will carry out their respective duties in a satisfactory and timely manner; and (ii) the Client will at all times act in a timely manner in providing information, making decisions and providing necessary support as provided herein and as requested from time to time by the Bank.

4. **Payment**

(a) The Client shall pay the Bank a fixed fee of 589,000 EUR (five hundred and eighty nine thousand euros) in accordance with the following schedule of payment.

Amount of Installment	Event upon which Payment is Due
EUR159,000	15 business days upon the approval of Inception report as defined in Output 1 of the Table in the Schedule to this Agreement
EUR280,000	15 business days upon the approval of the final report as defined in Output 2 of the Table in the Schedule to this Agreement
EUR150,000	15 business days upon the approval of final report as defined in Output 3 of the Table in the Schedule to this Agreement

(b) All payments to the Bank hereunder shall be made in full amount and when due, upon submission of an invoice by the Bank and in accordance with the payment calendar set in section 4 (a) of this Agreement. Payment shall be made, in EUROS, without any deductions whatsoever for taxes, duties, charges or other withholdings, and notwithstanding any pending dispute between the Parties, to account as the Bank may, from time to time, designate in writing.

(c) For each output, the Client will have up to fifteen (15) working days to provide comments from the day of submission by the Bank, after which time the deliverable shall be considered accepted by the Client. Upon comments being communicated by the Client, the Bank will have up to fifteen (15) working days to submit a modified deliverable and/or provide comments and clarifications. The Client will then have five (5) additional working days to review the revised deliverable and accept the deliverable.

(d) Invoices shall be sent to the following address of the Client:

Ministry of Environment of the Slovak Republic

Nám. Ľ. Štúra 1

812 35 Bratislava, Slovak Republic

Identification number: 42181810

5. **Effectiveness.** This Agreement shall become effective on the next day following the day and year first above written, once it has been duly signed by both Parties.

6. **Expiration.** This Agreement shall expire on December 31, 2018 unless it shall earlier be renewed with the written mutual agreement of the Client and the Bank.

7. **Termination.** Either the Client or the Bank may terminate this Agreement without further justification prior to its expiration upon ninety (90) days' starting from the next day of the delivery of the written notice to the other Party. Upon receipt of such

notice, the Parties shall take all appropriate steps to terminate in an orderly manner the activities then ongoing under the Reimbursable Advisory Services and to settle promptly all outstanding matters.

8. ***Cooperation.***

(a) The Client shall at all times provide the Bank in a timely manner with any and all information that may affect the performance of the Reimbursable Advisory Services, inform the Bank of any developments relating to the Reimbursable Advisory Services, and do all things necessary to enable Bank Personnel to carry out the Reimbursable Advisory Services hereunder. The Client shall, in particular:

(i) promptly notify the Bank of any event or condition which has or could reasonably be expected to have a material effect on the performance of the Reimbursable Advisory Services; and

(ii) promptly provide to the Bank such other information as the Bank from time to time reasonably requests about the activities carried out under this Agreement.

(b) It is expressly agreed and understood that the Bank shall bear no responsibility for delay in performance occasioned by the Client's failure to provide its contribution as set forth in Section D of the Schedule or otherwise cooperate as set forth in paragraph (a) above.

9. ***Notices and Addresses.***

(a) All notices required or permitted to be given pursuant to this agreement shall be in writing and shall be deemed to have been duly given or made when delivered by hand or by mail, or facsimile to the signatories to this Agreement at their addresses as set out below or such other addresses as may be notified by either party from time to time. Notices forwarded by registered mail shall be deemed to be delivered upon delivery. Notices made by facsimile transmission shall also be confirmed by mail, with their effective date being the date of initial transmission.

(b) The following addresses are specified for the purposes of this Agreement:

For the Client:

Ministry of Environment of the Slovak Republic
Nám. Ľ. Štúra 1
812 35 Bratislava
Slovak Republic
Phone: +421 2 5956 2580
Fax: +421 2 5956 2438
Attention: The Minister

For the Bank:

The World Bank
ECCU5
17 Avenue Marnix
1000 Brussels
Belgium
Phone: +322 504-0994
Attention: The Regional Director, European Union

This agreement has been executed in 6 copies in English, from which 4 copies will be received by the Client and 2 copies by the Bank; each of which represents an authentic original of this document.

IN WITNESS WHEREOF, the Parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the day and year indicated below.

MINISTRY OF ENVIRONMENT
OF THE SLOVAK REPUBLIC

INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT

By: 
Authorized Representative

By: 
Authorized Representative

Date: 

Date: 

SCHEDULE

Description of the Reimbursable Advisory Services

A. **Reimbursable Advisory Services.** The objective of this RAS is to assist the Client: a) build technical capacity in economic modeling to support sustained growth of Slovakia's economy, and b) contribute to preparation of a new strategy for low carbon growth in line with EU 2030 energy and climate policies. This will be achieved by supporting the Slovak Government with specific capacity building activities in economic and energy sector modeling provided to selected experts in the public administration, and preparation of a low-carbon study, which will serve as an input for the national low-carbon growth strategy in line with the EU energy and climate policy framework 2030. Except as the Client and the Bank may otherwise agree, the RAS shall include the following activities and outputs:

(1) Task 1: Development of economic modeling tools and building capacity in modeling for sustained growth in Slovakia, by the Bank

Under this activity, the Bank will provide an Inception Report, carry out calibration and runs of selected models according to specific requirements, organize meetings and technical workshops with local experts and provide technical analysis.

Specific activities include:

a) Macroeconomic, multi-country computable general equilibrium (CGE) model for Slovakia and 3-5 trading regions with a bottom-up power generation module.

The modeling will simulate a baseline scenario and alternative policy scenarios including different structural and climate policies for Slovakia. Additional sensitivity analysis shall be undertaken with regards to key model parameters, in particular: high or low energy prices, strong or weak economic growth, and rapid or slow technological progress.

The CGE model will also incorporate calculation of greenhouse gas emissions from energy and non-energy activities and by type of gas, the possible abatements (through efficiency, clean energy and substitutions for CO₂ and through end-of-pipe technologies for non-CO₂) and their impacts. The environmental module will include flexibility instruments allowing for different allocation schemes of CO₂ allowances (free allocation for carbon leakage sectors, auctioning, and others), various systems of exemptions, and various systems for revenue recycling of carbon/energy taxes or revenues from auctioning permits. Also, the model will reflect – depending upon data availability – the framework of a circular economy in Slovakia. Finally, the model

will quantify economy-wide and sectoral impact of technology shifts, taking into account the associated rebound effects.

The CGE model is expected to provide comprehensive long-term projections of the following economic indicators in the time horizon (at least 2030 and up to 2050):

1. GDP, private consumption, government consumption, fixed investment and exports/imports
2. Value added by sector
3. Energy intensity of sectors
4. Labor market indicators such as wages and employment by sector;
5. General government expenditures (current and capital expenditures) and revenues (aggregate; taxes classified according to the standards: CIT, PIT, VAT, excise taxes).

The specific technical features of the CGE model will be proposed by the Bank and agreed with the Client in the Inception Report.

b) Country-level TIMES/Markal or comparable energy supply and demand model for Slovakia

The Bank will prepare an energy supply and demand model (the Energy model) which will capture the European framework for climate and energy policy for 2030 and 2050 to help assess the impacts of policy decisions on Slovakia and its neighbors or trading partners.

The Energy model will include key energy sector metrics at a detailed level such as: energy and electricity use, technology capacities, system costs and emissions.

The Energy model will adopt a flexible time horizon, user-defined time slice resolution within a year, and linkages with the external markets as permitted by the model structure and available data. It will allow for a flexible definition of technological parameters and technological learning, overall efficiencies, and specific investment lead times for technologies. In its default objective function, it will optimize (minimize) total energy system costs, with a detailed breakdown of cost categories, such as capital, operational and maintenance costs. All external assumptions, including fossil fuel prices, price elasticities, technological or policy constraints will be presented in a transparent manner and can be tested in sensitivity analysis. The Energy model will take into account selected external market and regulatory factors in an abstracted manner (e.g.: renewable energy support schemes, carbon prices in the EU ETS, and key policies of selected neighboring countries and their import/export balance).

The Energy model will include a detailed energy demand module for iron and steel sector and refinery sector.

The specific technical features of the Energy model will be proposed by the Bank and agreed with the Client in the Inception Report.

- c) The Bank will organize 5 visits lasting 2-5 days to provide training on the CGE modeling and 4 visits lasting 2-5 days to provide training on the energy modeling. The schedule of the hands on training sessions on both models will include the following topics:
1. Kick-off and general introduction to modeling in GAMS and demonstration of model examples
 2. Data, dimensions of the model and parameters in the model
 3. Defining the baseline scenario
 4. Defining policy scenarios and interpretation of results
 5. Policy implications

Deliverables for Task 1:

1. Inception Report and Final Report by the Bank, including descriptions of the main technical features of the macroeconomic and energy models, brief descriptions of the databases, and outline of the Low-Carbon Report
2. The models' code written in GAMS (programming language) or other language in a transparent manner;
3. A well-structured database for each model;
4. Technical and non-technical model documentation covering key parameters and assumptions for each model;
5. Technical reports on application of each model to the practical policy questions that are the most relevant for Slovakia's low carbon strategy based on input from the Client.

(2) Task 2: A Low Carbon Growth Study for Slovakia

The Bank will prepare a low carbon growth study which will integrate and synthesize the analysis of the baseline and policy scenarios under the macroeconomic and energy models developed under Task1 and provide recommendations for policymakers.

To this effect, the study will summarize the results from the modeling work in Task 1 above, the data used, as well as the outcomes of any sensitivity analysis. It will examine

macroeconomic and fiscal effects, and sectoral implications, in particular for the energy sector and energy-intensive industries, and will include specific analysis of an economic path to 2030, in line with the 2030 EU Framework for Climate and Energy Policies. It will also consider paths to 2050, including the EU Roadmap 2050 and EU recommendations on a circular economy.

Deliverables for Task 2:

1. Low Carbon Growth Study for the Slovak Republic

B. **Timetable.** Except as the Client and the Bank may otherwise agree, the Bank shall endeavor to perform the Reimbursable Advisory Services in accordance with the following tentative timetable:

Outputs	Indicative timetable
Output 1: Carrying out modeling work and technical analysis	
Inception Report, description of key technical features of the CGE and energy models and their databases; providing a training to the Slovak core modeling group on introduction to the CGE and energy sector modeling, and on GAMS software; participate to technical meetings with local experts	Four (4) months from effective date of this Agreement
Output 2: Finalizing technical analysis and providing training to the Slovak core modeling group	
Final Report, technical and non-technical documentations of the models, providing 8 training activities lasting 2-5 days to the Slovak core modeling group during the site visits, and providing the outputs and reports from the modeling work, and models' code in GAMS; preparing outline of the Low-Carbon Growth Study for Slovak Republic	12 months from effective date of this Agreement
Output 3: A Low-Carbon Growth Study for the Slovak Republic	
Low-Carbon Growth Study for the Slovak Republic	18 months from effective date of this Agreement

C. **Bank Personnel**

The Bank will be responsible for determining the appropriate composition of teams needed to fulfill the Reimbursable Advisory Services. The Bank Personnel will comprise senior economists, experts in economic modeling, and sector specialists.

D. *Counterparts and Facilities.*

The Client shall carry out the following activities in support of the Reimbursable Advisory Services:

- (a) Provide support and necessary facilities including organization of country visits and facilitating contacts with relevant stakeholders, including the Institute for Environmental Policy within the Ministry of Environment of the Slovak Republic.
- (b) Provide all necessary information for the development of the RAS within the agreed timetable.
- (c) Take all necessary actions as to agree, articulate, coordinate and support the government entities for the carrying out of the RAS.

E. *Records.* The Bank shall keep appropriate records of the Reimbursable Advisory Services in accordance with its normal record-keeping practices and shall furnish to the Client such information regarding the Reimbursable Advisory Services as the Client shall reasonably request. As such, the Bank shall maintain appropriate records for a period of seven years after the end of the Bank's fiscal year to which the record pertains.

**ANNEX
STANDARD TERMS AND CONDITIONS**

1. **Performance Standard; Non-Exclusivity.** The Bank hereby shall carry out the Reimbursable Advisory Services with the same care and diligence as it uses in its other analytical and advisory activities. The engagement of the Bank as adviser to the Client hereunder is non-exclusive and shall not restrict the Client from engaging other advisers on the same or related issues.

2. **Bank Personnel.** The Bank shall, in its sole discretion, determine the composition of the staff (including staff holding consultant appointments) (“Bank Personnel”) assigned to perform the Reimbursable Advisory Services. The Client may, if it has reasonable cause for dissatisfaction with the performance of any of the Bank Personnel, request the Bank to replace such person(s). For avoidance of doubt, it is agreed and understood that this Agreement does not create any employment or other contractual relationship between the Client and Bank Personnel.

3. **Client Contributions.** The Client shall carry out the activities and provide the facilities and other arrangements set out in the Schedule to this Agreement.

4. **Bank Operational Policies.** The Bank shall provide its advice in a manner consistent with its relevant environmental and social safeguards policies.

5. **Confidentiality.**

The Parties agree that this Agreement and the outputs set out in the Schedule to this Agreement shall only be made available to the public after the Client has given its written consent to such disclosure. With respect to underlying information provided by the Client in support of the Reimbursable Advisory Services, the Client reserves the right to designate said information as confidential. The Bank may publicly disclose such information only after the Client has given its prior consent. With respect to underlying information (other than the final outputs) provided by the Bank in support of the Reimbursable Advisory Services, the Bank reserves the right to designate said information as confidential. The Client may publicly disclose such information only after the Bank has given its prior consent.

6. **Intellectual Property.** The intellectual property rights of the Parties in any of its pre-existing data or documents used by the Bank in connection with the Reimbursable Advisory Services shall remain with that Party. The intellectual property rights in new materials prepared by the Bank in connection with the Reimbursable Advisory Services shall belong to the Client *provided, however*, that the Bank shall have the global, non-exclusive, perpetual (for the duration of the copyright) , fully sub-licensable and royalty-free right to use, copy, display, distribute, publish and create derivative works of all or part of these materials and incorporate the information therein in its research, papers, publications, web sites, and other media without the consent of the

Client, subject to the limitations on disclosure of confidential information and any third party rights, as indicated in paragraph 5, *Confidentiality*, of this Annex.

7. ***Representation of the Bank's views and use of the Bank's name, marks and logo.*** (a) The Client agrees that it shall not represent, or permit the representation of, the Bank's views without the prior written consent of the Bank.

(b) The Client further agrees that it shall not use, or permit the use of the Bank's name, marks or logos in any advertisements, promotional literature or information without the prior written consent of the Bank, and that if such consent is provided that it shall use the name, marks and logos strictly in accordance with the permission provided and with the insertion of the Bank's usual disclaimers.

(c) Both Parties shall include the appropriate attribution and disclaimers in new materials prepared in connection with the Reimbursable Advisory Services.

8. ***Disclaimers and Liabilities.***

(a) While the Bank will make diligent efforts in its performance of the Reimbursable Advisory Services, the Bank makes no express or implied representation or warranty as to the extent of success that may be achieved in the implementation of any recommendation contained in any work product prepared by or with the assistance of the Bank or Bank Personnel.

(b) Without limitation to the immunities and privileges of the Bank under its Articles of Agreement and other applicable rules of law, the Bank shall not be liable to the Client or other third party for any loss, cost, damage or liability that the Client shall incur as a result of the Reimbursable Advisory Services, unless those resulting from the gross negligence or willful misconduct of the Bank or Bank Personnel. Notwithstanding anything herein, the Bank's liability, if any, to the Client hereunder shall not extend to any indirect, punitive or consequential damage, loss of profit or loss of opportunity, nor shall it exceed the amount of the professional fees received by the Bank for its account under this Agreement.

(c) The Parties acknowledge and agree that it is not the purpose of this Agreement to create a partnership, joint venture or similar arrangement whereby the Parties could be held jointly liable vis-a-vis third Parties or for any other purposes. Nothing herein shall constitute a commitment by the Bank to provide financing to the Client in respect of the activities carried out under this Agreement or otherwise.

9. ***Settlement of Disputes.*** (a) The parties hereto will endeavor in good faith to resolve any differences and disputes under, or in connection with, this Agreement by amicable settlement. Any dispute arising out of or in connection with this Agreement which is not settled by agreement of the Parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this

Agreement. In the event of a conflict between the UNCITRAL Arbitration Rules and the terms of this Agreement, the terms of this Agreement shall govern.

(b) Neither the Client nor the Bank shall be entitled in any preceding under paragraph (a) of this Section to assert any claim that any provision of these Standard Conditions or of the RAS Agreement is invalid or unenforceable because of any provision of the Bank's Articles of Agreement

10. ***Privileges and Immunities; Tax Immunity.*** The Client recognizes and shall take all reasonable steps to give effect to the status, immunities and privileges of the Bank and its Personnel set forth in the Bank's Articles of Agreement and other applicable rules of law. The Parties acknowledge and agree that no provision of this Agreement, nor the submission to arbitration by the Bank, in any way constitutes or implies a waiver, renunciation, termination, or modification by the Bank of any privilege, immunity or exemption of the Bank granted in the Bank's Articles of Agreement and other applicable rules of law. This includes, inter alia, the immunity of the Bank, its assets, income and its operations and transactions, from all taxation and customs duties.

12. ***Amendments.*** Any amendment or waiver of, or any consent given under, any provision of this Agreement shall be in writing and, in the case of an amendment, signed by the Parties.

13. ***Saving of Rights.*** No course of dealing and no failure or delay by any party hereto in exercising any power, remedy, discretion, authority or other right under this Agreement shall impair, or be construed to be a waiver of or an acquiescence in, that or any other power, remedy, discretion, authority or right under this Agreement, or in any manner preclude its additional or future exercise.

14. ***Successors and Assignees; No Assignment without Consent.*** This Agreement binds and benefits the respective successors and assignees of the Parties, provided that none of them may assign this Agreement in whole or in part without the prior consent of the other.

15. ***Entire Agreement and Counterparts.*** (a) This Agreement, together with Schedule, constitutes the entire agreement among the Parties hereto and supersedes any and all prior agreements, understandings and arrangements, oral or written, between the Parties with respect to the subject matter hereof.

(b) This Agreement may be executed in several counterparts, each of which is an original, but all of which constitute the same agreement.

16. ***Termination.*** Notwithstanding termination or expiration of this Agreement, the provisions of this Agreement relating to (i) obligation of confidentiality under Section 5 of this Annex, (ii) the obligations spelled out in Sections 6 on Intellectual Property and 10 on Privileges and Immunities of this Annex; and (iii) the obligation of

the Client to pay to the Bank remuneration for the Reimbursable Advisory Services performed prior to the date of termination or expiration of the Agreement, as well as reimbursement of any reasonable costs related to the termination of the Agreement by the Client, shall continue in full force and effect.