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Amendment No. 1 to the Administration Agreement between the Kingdom of Denmark, acting through the Ministry of Foreign Affairs, and the International Bank for Reconstruction and Development and the International Development Association regarding the West Bank and Gaza Public Financial Management Improvement Project (PFMIP) Multi-donor Trust Fund (Trust Fund No. TF073011)

1. Reference is made to the Administration Agreement between the Kingdom of Denmark, acting through the Ministry of Foreign Affairs (the “Donor”) and the International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) regarding the West Bank and Gaza Public Financial Management Improvement Project (PFMIP) Multi-donor Trust Fund No. TF073011 (the “Trust Fund”) effective as of May 2, 2018 (the “Administration Agreement”).

2. The Parties agree to amend the Administration Agreement as follows:

(a) Paragraph 2.1 of Annex 1 shall be deleted and replaced with the following:

2.1. Bank-executed activities, for which the Bank has implementation responsibility:

Within the Recipient-executed components 1 and 2.a, 2.b, and 2.c detailed in Section 2.2 of this Annex, the Trust Fund will support the activities by:

- Mobilizing Bank expertise not readily available to the Project Management Unit, particularly for issues which require highly specialized skills in relation with the recipient-executed program devoted to the MoFP and the other implementing agencies (line ministries for expenditure management, wage bill control, medical referrals and municipalities for PFM at the local level); and
- Supporting close oversight of the reform agenda in areas supported by the project to solve problems that emerge during implementation and enhancing coordination with the work of other donors.
- Management and administration activities for the Trust Fund, including but not limited to, supporting Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the activities.

In addition, Bank-executed activities to complement the Recipient-Executed activities under Component 2 set forth in Section 2.2 of this Annex would entail the following:

2.d Provision of technical assistance to support SAACB in efforts to enhance the quality of audits at the municipal level: provision of technical assistance to help establish an oversight framework to encourage better quality audits of municipalities including helping SAACB: to establish audit guidelines, conduct risk based reviews of audit activity and work closely with the representative body of the accounting profession, to bring the quality of audits into line with INTOSAI standards. The framework will take into consideration the revised SAACB law that is awaiting future cabinet endorsement, and which aims to provide greater independence in SAACB’s operations.

2.e Advising on regulatory changes that may flow from the new SAACB law: provision of technical assistance to help SAACB prepare an analysis of consequential regulations needed to implement the SAACB law when it is endorsed to support its effective implementation;

2.f Providing training to CSOs on reading the financial statements and budgets at central and local
level to further support efforts to enhance the quality of reporting and audit activity; and

2. Leading a national PEFA assessment: the assessment would be an update of the 2013 PEFA.

Component 3 – Modernizing Public Procurement

Provide advisory support to the Recipient’s efforts to modernize public procurement through the following subcomponents:

3.a Advising on Institutional Strengthening of HCPPP and Central Procuring Entities: providing technical assistance in procurement to support: (i) the work on operationalizing the HCPPP to enable it to carry out developing HCPPP internal systems and procedures and building capacity with its staff as a critical step to the effectiveness of the HCPPP in carrying out its regulatory and oversight functions defined by the law; (ii) setting up an independent Dispute Review Unit to handle complaints of non-compliance by procuring entities in conducting procurement proceedings; and (iii) a functional review of the central procurement entities; namely the Central Tendering Department of Ministry of Public Works and Housing and the General Supplies Department of MOFP.

3.b Advising on Development of Modern Procurement Tools: provision of technical assistance in procurement to support: (i) the roll-out of the single procurement portal at larger municipalities; (ii) the development of framework agreements (standard forms to solicit participation and place orders and related terms and conditions) for procurement of common-use goods and services aimed at efficiency and service-delivery benefits, and transaction-cost savings, while preserving competition and transparency.

3.c Advising on Capacity Building of the Procurement Workforce and Other Stakeholders: providing technical assistance to HCPPP to support the development and implementation of a capacity building and awareness raising strategy for procurement officials both at the central and local levels, as well as other stakeholders from private sector/small and median enterprises, civil society organizations and the general public; through: (i) conducting a training needs assessment in order to ensure that training programs are properly quantified and targeted in terms of the number of personnel and other types of participants and stakeholders that may need to be trained, and the types of subject matter and aspects that need to be emphasized in the training, and that other aspects of designing and planning the training program are optimized; and (ii) delivering the training program to procurement staff in municipalities.

3. All other terms of the Administration Agreement shall remain the same.

4. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Amendment and act in accordance with these terms and conditions. The Parties are requested to sign and date this Amendment, and upon possession by the Bank of this fully signed Amendment, this Amendment shall become effective as of the date of the last signature.
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: RANJANA MUKHERJEE
Name: RANJANA MUKHERJEE
Title: ACTING COUNTRY DIRECTOR
Date: 7 NOVEMBER 2018

KINGDOM OF DENMARK

By: [Signature]
Name: [Name]
Title: HOT
Date: 7 NOV 2018