


The World Bank

 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
 INTERNATIONAL DEVELOPMENT ASSOCIATION

 Steen Lau Jorgensen, Country Director
 P.O. Box 54842, Jerusalem

 Tel (Office): 02-236-8500
 Fax (Office): 02-236-6543

sjorgensen@worldbank.org

June 15, 2013

Mr. Robin Milton
 Head of Office
 United Kingdom Department for International Development
 DFID
 Jerusalem
 Transmission by email: rmilton@dfid.gov.uk

Amendment to the Trust Fund Administration Agreement between the United Kingdom of Great Britain and Northern Ireland acting through The Department for International Development and the International Bank for Reconstruction and Development and the International Development Association concerning the Trust Fund for the Strategic Partnership on Governance (TF070469)

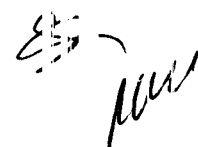
Dear Mr. Milton,

1. We refer to the Trust Fund Administrative Agreement between the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development (the "Donor") and the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") regarding the Trust Fund for the Strategic Partnership on Governance (TF070469) (the "Trust Fund") dated February 20, 2006, as amended (the "Administration Agreement").
2. We are pleased to acknowledge on behalf of the Bank the intention of the Donor to make a supplemental contribution to the Trust Fund in the amount of One hundred thirty seven thousand Pound Sterling (137,000) (the "Supplemental Contribution"). With this Supplemental Contribution, the total amount allocated by the Donor to the Trust Fund will now aggregate to One million six hundred ninety-eight thousand five hundred Pound Sterling (1,698,500) and the term defined as "Contribution" in the Administrative Agreement will be deemed to include the Supplemental Contribution.
3. The Supplement Contribution shall be used to finance Activities described in the attached Annex.
4. The Donor shall deposit the Supplemental Contribution into such bank account designated by the Bank promptly following countersignature of this agreement by the Donor and submission of a payment request by the Bank in accordance with the following schedule:

- (i) Forty five thousand Pound Sterling (45,000) promptly following countersignature of this Agreement by the Donor;
 - (ii) Forty six thousand Pound Sterling (46,000) in December 2015 upon submission of a payment request by the Bank; and
 - (iii) Forty six thousand Pound Sterling (46,000) in June 2016 upon submission of a payment request by the Bank.
5. When making the deposit, the Donor will instruct its bank to include in its payment details information (remittance advise) field of its SWIFT payment message information indicating the amount paid, that the payment is made by the Donor for **TF070469 (Trust Fund for the Strategic Partnership on Governance)** and the date of the deposit. In addition, the Donor will provide a copy of the Donor's deposit instruction to the Bank's Accounting Trust Funds Division by e0mail sent to tfremitadvice@worldbank.org or by fax sent to (202)614-1315.
 6. Immediately upon receipt of the Supplemental Contribution, the Bank will convert such funds into United States dollars.
 7. In paragraph 10.1 of the administrative agreement, the date by which the Contribution is expected to be fully disbursed is revised read "*June 30, 2016*".
 8. Unless otherwise defined in this amendment, terms defined in the Administrative Agreement have the same meanings in this amendment.
 9. All other terms of the Administrative Agreement remain the same.
 10. It is the Bank's policy to make publicly available the Administrative Agreement and any information related thereto, including this Amendment after it has become effective.
 11. Please confirm your understanding to the foregoing, on behalf of the Donor, by signing, dating, and returning to us one of the enclosed originals of this amendment. Upon receipt by the Bank of the original of this Amendment countersigned by you, this Amendment will become effective as of the date of countersignature.

Sincerely,


**INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION**



Steen Jorgensen
Country Director

CONFIRMED AND ACCEPTED:

By:

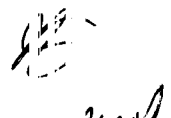


Authorized Representative

Name: Robin Milton, Head of Office

Date: 17/6/15

Annex



Description of Activities and Expenditures to be financed under the Supplemental Contribution for the Trust Fund for Strategic Partnership on Governance

The Supplemental trust fund contribution would be used to finance activities aimed at building the World Bank's capacity to influence the Palestinian Authority to make progress on Public Financial Management and Governance in close coordination with all the other activities of the Donor community. To achieve this objective, the trust fund contribution will be used to : (i) strengthen anti-corruption controls in the West Bank and Gaza, especially by the PA's understanding of the need and options for reform to provide Public Access to Information, as evidenced by action taken; (ii) to deliver Public Financial Management Reform through support to the Ministry of Finance and coordination of donors, (notably by launching a new PEFA assessment that complies with international best practice and a related action plan that will address the main weaknesses raised by this assessment); and (iii) effectively monitoring the Palestinian Authority's results and budget execution to safeguard the value for money of donor funds being provided to the PRDP Trust Fund, especially by relying on the reports of the State Audit and Administrative Control Bureau and their recommendations to address priority issues.

In achieving the results above mentioned, the following outputs will be delivered by the World Bank:

Output indicator 1.1 - June 2016: Support MoF and Aman with the issuance of Citizen Budget through two technical missions in early 2016. Provide all support and materials for presenting a 2016 Citizen Budget (in March/April 2016)

Output indicator 2.2 – June 2016: 75% of 2013 PEFA action plan completed.

Output indicator 2.3 – June 2016: The PA improves the level of detail of its monthly and quarterly fiscal reporting by having reliable reporting on arrears stock/flux/age-profile.

Output indicator 2.4 – December 2015: One workshop with the PA completed to discuss a possible 2016 PEFA.

Output indicator 3.1 – June 2016: Issuance of two reports on the SAACB audit of the 2011 (in October 2015) and 2012 financial statements (June 2016).

Output indicator 3.2 – April 2016 (relating to execution Jan-Mar, 2016) and July 2016 (Apr-Jun) : Two WB reports analysing PA budget by sector and programme

Output indicator 3.3 – December 2015: Two technical assistance missions to the MoF to issue annual financial statements

Output indicator 3.4 – June 2016: Two reports on Gaza on donor support to the reconstruction effort and on MoF PFM aggregated updates on Public Administration in Gaza (first report in June 2015).

Expenditures Financed by the Supplemental Contribution

The Supplemental Contribution will be used to finance 50% of the cost of the activities of the World Bank's PFM expert in the PTs up to Sterling Pound 137,000, in charge, among other things, of the program above.

PROJECT NAME		Technical Assistance to Improve Palestinian Public Financial Management												
IMPACT	Peaceful and prosperous Palestinian state and society	Impact Indicator 1 Government effectiveness index - MoF lack of oversight, commitment os likely this is going down not up	Planned	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Milestone Jan - Dec 2015	Target Jan - Dec 2016	Only measuring indicators that can be measured up until June 2016					
			Achieved	40.7	40.7	41 to 50	50 to 55 (score of Jordan)	50 to 55 (score of Jordan)						
				Source										
				World Bank indicator (http://info.worldbank.org/governance/wgi/sc_chart.asp)										
				Planned	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Milestone Jan - Dec 2015	Target Jan - Dec 2016					
				48.3	48.3	50	55 to 58 (score of Jordan)	55 to 58 (score of Jordan)						
				Source										
				World Bank indicator (http://info.worldbank.org/governance/wgi/sc_chart.asp)										
				Achieved										
					Source									
		World Bank indicator (http://info.worldbank.org/governance/wgi/sc_chart.asp)												
OUTCOME	strengthen capacity to deliver PFM reforms	Outcome Indicator 1 Public access to key fiscal information - indicators PI-10 of PEFA 2013.	Planned	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Milestone Jan - Dec 2015	Target Jan - Dec 2016	Assumptions					
			Achieved	C (2006)	C	B	A		Whilst the current Hamas/Fatah split continues, the project is unlikely to have any direct impact in Gaza.					
				Source										
				World Bank scoring. (If the Public Expenditure and Financial Accountability Assessment is completed, this will be used.)										
				Planned	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Milestone Jan - Dec 2015	Target Jan - Dec 2016					
				D+ (2006)	D+	C+	C							
				Source										
				World Bank scoring. (If the Public Expenditure and Financial Accountability Assessment is completed, this will be used.)										
				Achieved										
					Source									
		World Bank scoring. (If the Public Expenditure and Financial Accountability Assessment is completed, this will be used.)												
OUTPUTS (HR)	0.1 Programme Manager, 0.05 Programme Officer, 0.05 Governance Advisor	Output Indicator 1.1	Planned	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Milestone Jan - Dec 2015	Target Jan - Dec 2016	RISK RATING					
			Achieved	41%	41%	41%	41%		Low					
				Source										
				DFID correspondence with the Ministry of Finance										
				504,500										
				Source										
				DFID correspondence with the Ministry of Finance										
OUTPUT 1		Output Indicator 1.1	Planned	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Milestone Jan - Dec 2015	Target Jan - Dec 2016	Assumption					
			Achieved											
				Source										
				DFID correspondence with the Ministry of Finance										
				Source										
				DFID correspondence with the Ministry of Finance										


Anti-corruption controls in the PA's strengthened	PA's understanding of the need and options for reform to provide Public Access to Information, as evidenced by action taken.	Planned	No action taken	No action taken	Technical submission of proposals for political decision.	Start first TA mission on citizen budget in second half of 2015	Support MoF and Aman with the issuance of Citizen Budget through two technical missions in early 2016. Provide all support and materials for presenting a 2016 Citizen Budget (in March/April 2016)	PA remains reform orientated and is able to function normally without political instability. The ongoing fiscal crisis does not divert the PA from continuing with reforms.
Output Indicator 1.2	WB quarterly reports submitted to DFID. Triannulated by DFID annual reviews.	Source						
Output Indicator 1.2	Satisfaction of the PA with Expert's ability to offer technical solutions and to support implementation of policy decisions.	Planned	No experience	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Target Jan - Dec 2015	Target Jan - Dec 2016	
25%		Achieved	Satisfied	Satisfied	Satisfied	Satisfied	Satisfied	
OUTPUTS (£)								RISK RATING
OUTPUTS (HR)								Low

Output Indicator 2.1	Whether or not a PEFA assessment has been completed that complies with international best practice.	Planned	No	Milestone Jan - Dec 2013	Milestone 2014/15	Target Jan - Dec 2015	Target Jan - Dec 2016	Assumptions
Output Indicator 2.2	Extent that an Action Plan has been drafted and implemented that addresses some of the main weaknesses raised by the PEFA assessment.	Achieved	Yes	Yes	Yes (2013)	n/a (completed 2013)	n/a (completed 2013)	The World Bank Expert is able to work closely with PA Ministry of Finance personnel.
Output Indicator 2.3	Number of areas where the PA has improved the level of detail of its monthly and quarterly fiscal reporting.	Planned	0	Milestone Jan - Dec 2013	Milestone 2014	Target Jan - Dec 2015	Target Jan - Dec 2016	
		Achieved	3	3	4	4	5	

35%	Follow up PEFA workshop held to prepare the PA to undertake another PEFA assessment in 2016. (note: new PEFA's are carried out every 3-5 years but under the WB experts advice, the PA should carry out a new PEFA at the nearest opportunity i.e 2016). The workshop will outline the new methodology of PEFA framework with new indicators.	Planned	n/a	n/a	Yes	n/a (completed 2015)
		Achieved	n/a	n/a		n/a (completed 2015)
			Source			
						RISK RATING Medium
OUTPUTS (£)						50
OUTPUTS (HR)						

OUTPUT 3	Output Indicator 3.1	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Target Jan - Dec 2015	Target Jan - Dec 2016	Assumptions	
Active monitoring of PA results budget execution to safeguard the value for money of funds being provided to the PRDP Trust Fund.	Number of reports per year analysing the State Audit and Administrative Control Bureau report on the PA's annual accounts, with recommendations to the PA to address priority issues.	0	1	1	1	1	There is a constructive relationship between the PA and the State Audit and Administrative	
		Source						
	Output Indicator 3.2	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Target Jan - Dec 2015	Target Jan - Dec 2016		
Number of World Bank reports per year analysing PA budget execution by sector and programme		0	2	2	2	0		
		Source						
	Output Indicator 3.3	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Target Jan - Dec 2015	Target Jan - Dec 2016		
The PFM Expert will provide support, in the form of technical assistant submissions to the MoF to issue annual financial statements		0	0	4	4	0		
		Source						
	Output Indicator 3.4	Baseline Jan - Dec 2012	Milestone Jan - Dec 2013	Milestone Jan - Dec 2014	Target Jan - Dec 2015	Target Jan - Dec 2016		
Produce reports on Gaza on donor support to the reconstruction effort and on MoF PFM aggregated updates on Public Administration in Gaza (added for 2015/16)		n/a	n/a	n/a	1	1		
		Source						
							RISK RATING Low	
OUTPUTS (£)							50	
OUTPUTS (HR)								

Technical Assistance to Improve Palestinian Public Fin

OUTPUTS			OUTCOME
1	Anti-corruption controls in the OPTs strengthened	#REF!	 PA strengthens capacity to be able to deliver PFM reforms
2	PFM reform delivered through support to the Ministry of Finance	35%	
3	Effective monitoring of PA results and budget execution to safeguard the value for money of	40%	
4	#REF!	#REF!	
5	#REF!	#REF!	

Financial Management

IMPACT



Peaceful and prosperous
Palestinian state and
society

Technical Assistance to Improve Palestinian Public Financial Management

	Results Chain	Indicators	Planned	Achieved 2013	Score 2013	Risk 2013	
IMPACT	Peaceful and prosperous Palestinian state and society	Government effectiveness index - MoF lack of oversight, commitment as likely this is going down not up	40.7	0			
		Control of corruption index	48.3	0			
OUTCOME	PA strengthens capacity to be able to deliver PFM reforms	Public access to key fiscal information - indicators PI-10 of PEFA 2013.	C	B			
		Stock and monitoring of payment arrears - indicator PI-4 of PEFA 2013.	D+	D	n/a	0%	
OUTPUTS	Anti-corruption controls in the OPTs strengthened	Percentage of donors who provide unearmarked financial assistance to the PA (annual reporting, January - December)	0	0			
		PA's understanding of the need and options for reform to provide Public Access to Information, as evidenced by action taken. Satisfaction of the PA with Expert's ability to offer technical solutions and to support implementation of policy decisions	No action taken	Awareness raised			
		#REF!	Satisfied	Satisfied	n/a	0%	
	PFM reform delivered through support to the Ministry of Finance and coordination of donors	#REF!	#REF!	#REF!	#REF!		
		#REF!	#REF!	#REF!	#REF!		
		Whether or not a PEFA assessment has been completed that complies with international best practice.	Yes	Yes			
		Extent that an Action Plan has been drafted and implemented that addresses some of the main weaknesses raised by the PEFA assessment.	Action Plan drafted with 0% completion.	Action Plan drafted with 25% completion.			
	Effective monitoring of PA results and budget execution to safeguard the value for money of donor funds being provided to the PRDP Trust Fund.	Number of areas where the PA has improved the level of detail of its monthly and quarterly fiscal reporting.	1	3	n/a	0%	
		Follow up PEFA workshop held to prepare the PA to undertake another PEFA assessment in 2016. (note: new PEFA's are carried out every 3-5 years but under the WB experts advice, the PA should carry out a new PEFA at the nearest opportunity i.e 2016). The workshop will outline the new methodology of PEFA framework with new indicators.	n/a	n/a			
		Number of reports per year analysing the State Audit and Administrative Control Bureau report on the PA's annual accounts, with recommendations to the PA to address priority issues.	1	1			
Effective monitoring of PA results and budget execution to safeguard the value for money of donor funds being provided to the PRDP Trust Fund.	Number of World Bank reports per year analysing PA budget execution by sector and programme	2	0	n/a	0%		
	The PFM Expert will provide support, in the form of technical assistant submissions to the MoF to issue annual financial statements	0	0				



OVERALL
OUTPUT SCORE

Produce reports on Gaza on donor support to the reconstruction effort and on MoF PFM aggregated updates on Public Administration in Gaza (added for 2015/16)

n/a

n/a

#REF!

#REF!

#REF!

#REF!

#REF!

n/a

0%

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

n/a

0%

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF!

#REF