

Amendment and Partial Restatement of the Administration Agreement between the Portuguese Republic represented by the Portuguese Ministry of Foreign Affairs and the International Bank for Reconstruction and Development and the International Development Association concerning the Partnership for Infrastructure Development in the West Bank and Gaza Multi-Donor Trust Fund (Trust Fund No. TF071898)

WHEREAS:

- (A) The International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) and the Portuguese Republic represented by the Portuguese Ministry of Foreign Affairs (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) entered into an Administration Agreement concerning the Partnership for Infrastructure Development in the West Bank and Gaza Multi-Donor Trust Fund (Trust Fund No. TF071898) (the “Trust Fund”) effective on December 22, 2014 and subsequently amended on June 22, 2016 (the “Administration Agreement”).
- (B) The Bank and all donors to the Trust Fund have accepted to amend and restate the annexes to their administration agreement concerning the Trust Fund.

NOW, THEREFORE, the Parties hereby agree as follows:

1. The annexes of the Administration Agreement are amended and restated to read as set forth in the attachment to this Amendment and Partial Restatement (the “Amendment and Partial Restatement”).
2. Any notice, request or other communication to be given or made under the 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”):

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For the Donor (the “Donor Contact”):

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Head of Mission
Representative Office of Portugal in Ramallah
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Al-Sahel Street, opposite the Catholic school
Ramallah Tahta
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3. In the event any amounts are to be returned to the Donor under the Administration Agreement, the Bank shall transfer such amounts to the Donor, unless otherwise agreed with the Bank. When making any deposit, the Bank shall include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Bank in relation to Trust Fund No. TF071898, as the case may be (the Partnership for Infrastructure Development in the West Bank and Gaza Multi-Donor Trust Fund), and the date of the deposit. The Bank shall provide a copy of such information to the Donor.

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

5. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Amendment and Partial Restatement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Amendment and Partial Restatement, and upon possession by the Bank of this fully signed Amendment and Partial Restatement and respective amendments signed by all other donors to the Trust Fund, this Amendment and Partial Restatement shall become effective as of the date of the last signature.

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

By: Kanthan Shankar
Name: Kanthan Shankar
Title: Country Director, West Bank and Gaza
Date: 06-Aug-2020

PORTUGUESE REPUBLIC represented by the Portuguese Ministry of Foreign Affairs

By: João Nuno Mendes
Name: João Nuno Mendes
Title: Secretary of State for Finance
Date: 19-ago-2020

Partnership for Infrastructure Development in the West Bank and Gaza
Multi-Donor Trust Fund Description

This Annex shall be applicable to and form an integral part of all administration agreements for the Trust Fund (collectively, the “Administration Agreements” and each an “Administration Agreement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

A. Objective and Activities

1. Objective

The objective of the Trust Fund is to improve the coverage, quality, and sustainability of infrastructure in the West Bank and Gaza through financial and technical assistance to the Palestinian Authority (PA) for infrastructure development and related capacity building and institutional development in the water, sanitation, urban development, and energy sectors.

2. Activities

The activities to be financed by the Trust Fund are:

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

- (a) Provision of analytical and advisory services and technical assistance.
- (b) Supervision of Recipient-executed activities.
- (c) Management of the Trust Fund.
- (d) Administration of the Trust Fund.

2.2. Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

- (a) Provision of co-financing, technical assistance, and capacity-building in the following sectors:
 - (i) Water supply and sanitation;
 - (ii) Urban development; and
 - (iii) Energy.
- (b) Project preparation.

B. Categories of Expenditure

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

- (a) consultant fees (individual and firms);
- (b) staff costs with indirects;
- (c) contractual services;
- (d) extended term consultants;
- (e) temporary support staff costs;
- (f) media, workshops, conferences and meetings;

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- (g) travel expenses; and
- (h) associated overheads.

2. For Recipient-executed activities, the Trust Fund funds may be used to finance:

- (a) civil works;
- (b) goods;
- (c) consultants' services;
- (d) incremental operating costs; and
- (e) training and workshops.

C. Taxes

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

D. Indicative Results Framework

An indicative Results Framework for the activities financed by the Trust Fund prepared by the Bank (the "Results Framework"), in consultation with the Donors, shall be available at the *Development Partner Center* website. Such Results Framework may be revised by the Bank from time to time, in consultation with the Donors, and shall be used for monitoring and evaluation purposes only.

E. Indicative Budget

The Bank shall provide indicative budget information for the Trust Fund at the *Development Partner Center* website, which may be updated periodically by the Bank in consultation with the Donors. Such budget information is for informational purposes only.

Standard Provisions

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Administration Agreement, including its annexes, and shall not be subject to any other duties or responsibilities to the Donors, 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. Each Donor's Contribution (collectively, the "Contributions") 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 Charter of the United Nations. The Donors acknowledge 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 a 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 United States Dollars (the "Holding Currency").

2.3. Donors agree to deposit their Contributions in the Contribution Currency stated in their respective 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 credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Administration Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) of each Contribution. In addition, costs for program management as defined in Annex 1 up to a maximum of three percent (3%) of each Contribution will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

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 Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the *Development Partner Center* website which will be updated quarterly. 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 Donors via the *Development Partner Center* website.

4.3. The Bank shall provide to the Donors via the *Development Partner Center* website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management report together with an audit opinion 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 a 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.

4.5. The Bank shall make available to the Donors copies of all financial statements and auditors' reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank's Access to Information Policy.

5. Progress Reporting; Review or Evaluation of Activities; Financial Management

5.1. The Bank shall provide the Donors with annual written progress reports by September 30. The progress reports shall be provided with reference to the results framework agreed by the Bank and the Donors, as such Results Framework may be reviewed by the Parties from time to time. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative progress report for the Trust Fund.

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5.2. Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of the Trust Fund. 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.

5.3. The Bank shall, consistent with its policies and procedures, take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the Trust Fund funds, and include provisions in its agreements with Recipients to give full effect to the relevant Bank guidelines on fraud and corruption.

5.4. In the event that the Bank determines that there are credible and material allegations of fraud, corruption, collusion or coercion in relation to Recipient-executed and/or Bank-executed activities financed by the Trust Fund that result in the Bank opening an investigation into such allegations (an "Investigation"), the Bank shall, in accordance with its applicable policies and procedures:

- (i) take timely and appropriate action with respect to such allegations and, where relevant, seek appropriate redress, including potential sanctions;
- (ii) as soon as practicable, inform the Donors of the outcome of the Investigation, provided that the Donors agree to keep such information confidential pursuant to paragraph 7.3 of Annex 2, unless such information is already publicly available;
- (iii) on a case by case basis, decide whether to share information with Donors on an active Investigation, and provided that the Donors agree to keep such information confidential pursuant to paragraph 7.3 of Annex 2;
- (iv) take all necessary actions to recover funds that are the subject of an Investigation where the Bank has determined it as appropriate; and
- (v) to the extent that any funds are refunded to the Trust Fund following an Investigation, the Bank shall use such funds for the same purposes as the Contributions, unless otherwise agreed between the Bank and each Donor.

6. Disbursement; Cancellation; Withholding of Payments

6.1. It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by December 31, 2022 (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 Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each 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 all Donors, all calculated as Holding Currency amounts.

6.2. Any Donor may cancel all or part of such Donor's pro rata share, and the Bank may cancel all or any Donors' pro rata shares, 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

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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 paragraph 2.2 of this Annex 2; unless otherwise agreed between the Bank and the Donor.

6.3. If in the reasonable opinion of a Donor, the Bank has failed to comply to a material extent with its obligations under this Administration Agreement, the Donor and the Bank agree to discuss the non-compliance with a view to resolving the matter. If the Bank and the Donor fail to agree on the measures to be taken or the Bank fails to take relevant measures as may be agreed between the Donor and the Bank, the Donor may, upon thirty (30) days prior written notice, withhold all or any portion of an Installment that has not yet been disbursed to the Bank, until such time as the measures have been taken.

7. Disclosure; Visibility

7.1. The Bank and the Donors agree that the Administration Agreements will be made publicly available and that any related information on this Trust Fund in the Bank's and the Donor's possession may be publicly disclosed in accordance with (i) the Bank's policies and procedures with respect to any such information in the Bank's possession; and (ii) the Donors' applicable laws with respect to any such information in the Donors' possession.

7.2. Notwithstanding paragraph 7.1 above, neither the Bank nor any of the Donors shall publicly disclose information in their respective possession related to the Trust Fund that has been indicated or marked in writing by either Party as confidential, unless prior written consent has been obtained from the Party providing the information or the Donors are otherwise obliged to do so under applicable laws with respect to information in their possession.

7.3. Notwithstanding paragraphs 7.1 and 7.2 above, the information provided under paragraphs 5.4 (ii) and 5.4 (iii) shall be subject to the terms of confidentiality accompanying such information, and the Donors shall not disclose such information outside the office to which the information is provided, unless: (i) prior written consent has been obtained from the Bank; or (ii) the Donors are obliged to do so in accordance with applicable laws, in which case the Donors will notify the Bank accordingly prior to such disclosure. If a Donor is not able to commit to keep such information confidential in accordance with its applicable laws, then the Donor shall inform the Bank accordingly.

7.4. Where appropriate to do so, the Bank will acknowledge, the Donors' contributions in references made by the Bank with respect to the Trust Fund in publications, press releases or other similar written materials.

8. Dispute Resolution; Limitation on Donor Liability

8.1. The Donors 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.

8.2. In providing funds under this Administration Agreement, the Donors do not accept any responsibility or liability towards any third parties including any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.

9. Grants to Recipients

9.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the "Grant Agreements") with recipients (the "Recipients") consistent with the purposes of this Administration Agreement and on the terms and conditions set forth in the Grant Agreements. Grant

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Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors.

9.2. The Bank shall be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

9.3. The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

Governance

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. The Bank shall have ultimate responsibility for decisions regarding the allocation of financial resources from the Trust Fund to specific investment projects and programs or analytical and advisory activities, in accordance with the terms and conditions specified in this Administration Agreement.
2. Activities to be supported by the Trust Fund shall be subject to the Bank's standard supervision and progress reporting requirements applicable to Bank-financed activities.
3. To ensure that the Donors and national-level Palestinian stakeholders are well informed of the scope and progress of the activities financed through the Trust Fund, an inter-agency oversight group for the Trust Fund chaired by a representative of the Bank and comprising of representatives from the Ministry of Finance and the Ministry of Planning and Development of the Palestinian Authority and the respective Donors' agencies (the "Oversight Group") shall be established. The role of the Oversight Group shall be strategic and consultative in nature and it shall among other functions include: (i) oversight of the performance and outcomes of the activities financed by the Trust Fund; and (ii) carrying out annual reviews of the trust fund activities and management.
4. The Oversight Group shall meet twice a year or as frequently as may be determined by its chairperson.
5. To assess the effectiveness of the financing modality of the activities financed by the Trust Fund, an independent evaluation of the Trust Fund's performance was carried out in 2017. Additional independent evaluations will be carried out at least every five years, or sooner if requested by the Oversight Group.
6. The project team assigned by the Bank to supervise the Trust Fund activities (the "Project Team") shall provide the Oversight Group with summaries of bi-annual operational reports on the progress made in achieving the objectives of the activities financed by the Trust Fund.
7. The Project Team shall inform the Oversight Group at an early stage to allow for consultation about the introduction of new projects and analytical and advisory activities to be financed by the Trust Fund, and shall provide opportunities for donors' representatives in the Oversight Group to take part in the Bank's supervision missions and technical discussions for specific activities that are financed through the Trust Fund.
8. The Oversight Group shall be briefed by the Project Team on any issues that may require strategic adjustments to the Trust Fund, such as significant changes in the way the Trust Fund is structured and the scope of activities to be supported (for example, including new activities or sectors in addition to those specified in Part A of Annex 1).
9. Subject to the Bank's Access to Information Policy, the Donors shall have access to all Trust Fund documents, such as applications for financing, Concept Notes, Grant Agreements, Project Appraisal Documents, minutes of Oversight Group meetings, terms of reference, and various progress and completion reports related to the activities financed by the Trust Fund.