

Amendment No. 1 to the Administration Agreement between the Swiss Confederation, represented by the State Secretariat for Economic Affairs (SECO) of the Federal Department of Economic Affairs, Education and Research (EAER) and the International Bank for Reconstruction and Development and the International Development Association concerning the Strengthening Public Financial Management in Colombia Single-Donor Trust Fund (Trust Fund No. 073343)

1. Reference is made to the Administration Agreement between the Swiss Confederation, represented by the State Secretariat for Economic Affairs (SECO) of the Federal Department of Economic Affairs, Education and Research (EAER) (the "Donor"), and the International Bank for Reconstruction and Development and the International Development Association (collectively, the "Bank", and together with the Donor, the "Parties" and each a "Party") regarding the Strengthening Public Financial Management in Colombia Single-Donor Trust Fund (TF073343) (the "Trust Fund") effective as of June 27, 2019 (the "Administration Agreement").

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

(a) Paragraph 1 of the Administration Agreement shall be amended to read in its entirety as follows:

"1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the "Bank") acknowledge that the Swiss Confederation, represented by the State Secretariat for Economic Affairs (SECO) of the Federal Department of Economic Affairs, Education and Research (EAER) (the "Donor", and together with the Bank, the "Parties" and each a "Party") agrees, subject to legislative appropriations, to provide the sum of ten million Swiss Francs (CHF 10,000,000) (the "Contribution") for the Strengthening Public Financial Management in Colombia Single-Donor Trust Fund, (Trust Fund No. 073343) (the "Trust Fund") in accordance with the provisions of this Administration Agreement."

(b) Paragraph 3 of the Administration Agreement shall be amended to read in its entirety as follows:

"3. The Donor shall deposit the Contribution in accordance with the following schedule and in the currency specified in paragraph 1 above ("Contribution Currency") into such bank account designated by the Bank (each amount deposited hereinafter referred to as an "Installment") upon submission of a payment request by the Bank:

- (A) Promptly following countersignature – CHF 3,000,000
- (B) By June 30, 2020 – CHF 2,000,000
- (C) By June 30, 2021 – CHF 1,000,000
- (D) By June 30, 2022 – CHF 2,000,000
- (E) By June 30, 2023 – CHF 1,000,000
- (F) By June 30, 2024 – CHF 1,000,000”

- (c) Section 2 of Annex I to the Administration Agreement is hereby amended and restated, to read as follows:

“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) **Governance, strategy, inter-institutional coordination and policy dialogue.** Provide technical assistance and best practices to the Republic of Colombia to build a governance structure for the successful implementation and steering of the Public Financial Management (PFM) reform, including mechanisms for institutional coordination and support for high-level policy dialogue among relevant stakeholders at the national and subnational level, including, *inter alia*: (i) the preparation of a roadmap for PFM reform; (ii) the definition of a PFM governance structure; (iii) the definition of institutional and legal arrangements; and (iv) the definition of mechanisms to communicate the reform and facilitate consensual decision-making among key-stakeholders.
- (b) **Quality and transparency of PFM information.** Provide technical assistance to improve the reliability and timeliness of PFM information as well as to strengthen the integrated public financial system (SIGFP) in accordance with international standards, including, *inter alia*: (i) the definition of core PFM functions; (ii) the definition of PFM related administrative processes; (iii) support to the design of high-level PFM systems interoperability; (iv) support to the implementation of PFM reforms at the national and subnational levels; (v) the design of PFM data models and risk-based controls; (vi) the design of fiscal transparency initiatives, including carrying out data science training for PFM analysis; and (vii) workshops and partnership promotion for PFM transparency.
- (c) **Efficient Public Expenditure.** Provide technical assistance to strengthen the efficiency of public expenditure through the development of tools to improve the allocation of public resources and the PFM processes and systems, including, *inter alia*: the support to the design of (i) harmonized budgeting instruments; (ii) enhanced results-based

budgeting tools; (iii) a strategic costing model for goods and public services; (iv) a framework for subnational associations; and (v) a shared services strategy; as well as the support to, *inter alia*: (i) the preparation of a strategy to reduce budget inflexibility; (ii) the review of the existing general royalties system; (iii) the definition of tools to align and consolidate subnational public investment; (iv) the definition of a strategic supply model for public procurement; and (v) the definition of a strategic management methodology for physical assets.

- (d) **Institutionalization of a capacity building strategy.** Provide technical assistance for the development and implementation of an integrated capacity building approach on PFM, targeting territorial entities. Specific activities include *inter alia*: (i) a framework for PFM capacity building; (ii) an operational model for capacity building, including the minimum requirements to ensure sustainability and (iii) the design of a PFM certification program and the implementation of a PFM capacity building program for subnational governments.
- (e) **Change Management of the Reform.** Provide technical assistance for the development and implementation of a comprehensive change management strategy to support implementation of the PFM reforms. Specific activities include, *inter alia* support to: (i) a PFM change of management strategy for the PFM reforms; (ii) the design of the organizational structure required to implement the strategy; and (iii) a sustainability strategy for the PFM reforms and support the implementation of, validation and training workshops on the change management strategy.
- (f) **Improving public investment management in Subnational Governments (SNGs).** Provide technical assistance and support for strengthening the delivery services through the availability of effective and efficient operation of local infrastructure, by strengthening the quality and transparency of public expenditure, based on best practices for the Government of Colombia to: (i) design, select, implement, operate, and evaluate public investment projects; (ii) improve coordination for investment between the national and subnational governments; and (iii) increase successful implementation of regional investment projects.
- (g) 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.

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

The Bank will disclose this Amendment to the Administration Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Amendment, the Donor consents to disclosure of this Amendment and related information on this Trust Fund.

Please confirm your agreement with the foregoing, on behalf of the Donor, by signing and dating this Amendment. Upon receipt by the Bank of the Amendment countersigned by you, this Amendment will become effective as of the date of the countersignature.

Sincerely,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**



Peter Siegenthaler
Country Manager
Colombia

Latin America and the Caribbean Region

AGREED:

**SWISS CONFEDERATION, REPRESENTED BY THE STATE SECRETARIAT
FOR ECONOMIC AFFAIRS (SECO) OF THE FEDERAL DEPARTMENT OF
ECONOMIC AFFAIRS, EDUCATION AND RESEARCH (EAER)**

By: _____

(Authorized representative)

Name: Dominique Paravicini

Title: Ambassador

Date: 24/11/2022