September 10, 2014

Dr. Robin Milton
Head of Office
Department of International Development (DFID)
Nablus Road
Jerusalem, 97200

Amendment to the Trust Fund Administration Agreement between the Government of United Kingdom of Great Britain and Northern Ireland and the International Bank for Reconstruction and Development and the International Development Association concerning the Palestinian Recovery and Development Plan Multi-Donor Trust Fund ("PRDP-TF")
Trust Fund No. TF071607

Dear Dr. Milton:

We refer: (i) to the Administration Agreement dated March 18, 2008 between the Government of United Kingdom of Great Britain and Northern Ireland (the "Donor") and the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) (collectively, the "Bank"), regarding the PRDP-TF (TF071607), as amended. We also refer to recent discussions between the Bank and the Donor regarding some modifications to the Standard Provisions.

We are pleased to inform you that the Bank proposes to amend the Administration Agreement as follows:

1. Paragraph 3 of Annex 1 to the Administration Agreement is hereby amended to read as follows:

"3. Administration of the Contributions

3.1 The Bank shall be responsible only for performing those functions specifically set forth in this Agreement 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 Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved."
3.2 Donors’ 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. Paragraph 9 of Annex 1 to the Administration Agreement is hereby amended by adding the following paragraph 9.3 after paragraph 9.2:

“9.3. Any Donor may review activities financed by the PRDP-TF at any time up to six (6) months following the Disbursement Deadline set forth in paragraph 10.1 of this Annex 1. The Donor and the Bank shall agree on the scope and logistics of such review, 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 will not constitute a financial, compliance or other audit of the Trust Fund.”

3. Paragraph 12 of Annex 1 to the Administration Agreement is hereby deleted in its entirety.

4. Annex 1 to the Administration Agreement is amended and restated as set forth in the Attachment to this Amendment Letter.

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

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

This letter shall constitute an Amendment to the Administration Agreement between the Bank and the Donor. Please confirm your acceptance to the foregoing on behalf of the Donor by signing and dating the two originals, retaining one original for your records and returning the other original to the Bank.

The Amendment will only become effective when the Bank has received a reply in writing from each Donor to the PRDP-TF, indicating the Donor’s confirmation of the Amendment. The effective date of the Amendment will be the latest date of countersignature of the Amendment. The Bank will promptly notify the Donors when the Amendment becomes effective.
Sincerely,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Steen Jørgensen
Country Director
West Bank and Gaza

AGREED:

GOVERNMENT OF UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND

By: 

Name: Dr. Robin Milton
Title: Head of Office
Date: 16/9/14
Amended and Restated Standard Provisions Applicable to the Palestinian Recovery and Development Plan Multi-Donor Trust Fund ("PRDP-TF") for the West Bank and Gaza

The following provisions (hereinafter referred to as the "Standard Provisions") shall be applicable to and form an integral part of all agreements entered into between the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") and donor countries and/or organizations (hereinafter referred to as the "Donors") that provide grants (referred to as the "Donors' Contributions") to be administered by the Bank for the Palestinian Recovery and Development Plan Multi-Donor Trust Fund ("PRDP-TF") for the West Bank and Gaza (the "Project").

Definitions

"Grant" means a grant made or to be made by the Bank, out of the PRDP-TF, to the Palestine Liberation Organization, for the benefit of the Palestinian Authority, for the purposes and on terms and conditions set forth in the Grant Agreement (as defined in Section 6).

"PRDP" means the Palestinian Reform and Development Plan (PRDP 2008-2010) dated December 17, 2007, prepared by the Palestinian Authority, containing a 3-year fiscal framework, on the basis of which donors committed support at the Paris pledging conference or any subsequent development plan prepared by the Palestinian Authority for these purposes.

"Single Treasury Account" means the bank account of the Ministry of Finance of the Palestinian Authority.

1. Objectives

The objectives of the PRDP-TF are to provide budget and development support for the Palestinian Authority’s policy agenda as expressed in the PRDP in the period from 2008 until 2010, and include, but are not limited to, the following aims:

(a) pooling different donor funds into one administrative mechanism that will reduce the transaction costs for the Palestinian Authority; and

(b) helping to alleviate the Palestinian Authority’s fiscal pressure by providing reliable disbursements on a regular basis.

2. Eligible Expenditures

Grants made from the PRDP-TF will finance the recurrent expenditures by the Palestinian Authority with the exception of items described in Annex 2 which will not be eligible for financing. In addition, the PRDP-TF will finance the cost to the Bank to prepare and supervise the implementation of the Project, namely staff costs, consultants’ fees and travel expenses relating to the PRDP-TF. For the avoidance of doubt the terms "staff costs" and "consultants' fees" include the following expense categories: (a) direct and indirect staff costs; (b) fees and benefits of extended-term consultants; and (c) temporary staff costs. Accordingly, the PRDP-TF
will finance the following cost of the Bank to prepare and supervise the implementation of the Project:

1. Staff costs;
2. Short term consultants' fees;
3. Extended term consultant fees;
4. Temporary staff costs; and
5. Travel expenses.

3. **Administration of the Contributions**

3.1 The Bank shall be responsible only for performing those functions specifically set forth in this Agreement 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 Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

3.2 Donors' 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.

4. **Commingling, Exchange and Investment of the Contributions**

4.1. The Contribution funds shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contribution funds may be commingled with other trust fund assets maintained by the Bank.

4.2. The PRDP-TF shall be maintained in United States dollars. The Contribution funds may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

4.3. The Bank shall invest and reinvest the Contribution funds pending their disbursement in accordance with the Bank's 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 established under this Agreement to be used for the same purposes as the Contribution funds.

5. **Administrative Cost Recovery**

In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may, following deposit of the Contribution, deduct and retain for its own account an amount equal to one percent (1%) of the Contribution. In addition, costs for trust fund administration and program management in the additional amount of $2,719,671 will be charged to the Trust Fund in three equal annual installments bringing the cumulative costs for trust fund administration and program management
to $5,461,446. If Donors' Contributions substantially increase beyond what was originally expected at the time of countersignature of this Agreement, and the administrative costs increase as a result, the Donor acknowledges that an additional administrative fee may be applied to such new Contributions.

6. Grants to Recipient; Role of the Bank; Governance Structure of the PRDP-TF

6.1. The Bank shall, as administrator of the PRDP-TF on behalf of the Donors, enter into a grant agreement (the "Grant Agreement") with the Palestine Liberation Organization (the "Recipient"), for the benefit of the Palestinian Authority, for the provision of Contribution funds for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement. The Bank shall furnish a copy of the Grant Agreement to the Donors.

6.2. The Bank, in consultation with the International Monetary Fund ("IMF"), shall be solely responsible for the supervision and monitoring of the progress towards implementation of the PRDP financed under the Grant Agreement.

6.3. In carrying out its responsibilities, the Bank shall call consultation meetings with the IMF, the Donors, and the Palestinian Authority. Such meetings shall be called at least quarterly in each calendar year.

7. Disbursements

Disbursements of the Grant will be made on a quarterly basis only after the Bank, in consultation with the IMF, has determined that the Palestinian Authority has made satisfactory progress towards the implementation of the PRDP (as further specified in the Grant Agreement), unless the Bank has granted a waiver following consultations with the IMF and the Donors. Additional disbursements may be made if upon request by the Recipient in writing in the case of an extraordinary situation the Bank is of the opinion that an additional disbursement is justified. Disbursements will be made into a separate deposit account under the Single Treasury Account opened by the Palestinian Authority for the purposes of the PRDP-TF (the "Deposit Account").

8. Accounting and Financial Reporting

8.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the trust fund account and disbursements made therefrom.

8.2. The Bank shall furnish to the Donor current financial information relating to receipts, disbursements and fund balance in United States dollars with respect to the Contribution funds via the World Bank's Trust Funds Donor Center secure website. Within six (6) months of the final disbursement date specified in paragraph 10.1, the final financial information relating to receipts, disbursements and fund balance in United States dollars with respect to the Contribution funds shall be made available to the Donor via the World Bank's Trust Funds Donor Center secure website.

8.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, a management assertion together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The cost of such attestations shall be borne by the Bank.
8.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the trust fund established under this Agreement, 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 most 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 paid by the Donor.

9. **Coordination and Project Reporting**

9.1. The Bank shall maintain close consultation and coordination with the Donors on the Bank’s policy dialog with the Palestinian Authority, and shall monitor, in close consultation with the IMF, on a quarterly basis the progress achieved by the Palestinian Authority in implementing the PRDP. The Bank shall provide the Donors after each supervision mission with a progress report on the implementation of the PRDP. Within six (6) months of the final disbursement date specified in Section 10, the Bank shall provide a final report on the Project to each Donor.

9.2. The Bank shall promptly inform the Donors of any significant modification to the terms of the Grant Agreement and of any contractual remedy that is exercised by the Bank under the Grant Agreement. 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.

9.3. Any Donor may review activities financed by the PRDP-TF at any time up to six (6) months following the Disbursement Deadline set forth in paragraph 10.1 of this Annex 1. The Donor and the Bank shall agree on the scope and logistics of such review, 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 will not constitute a financial, compliance or other audit of the Trust Fund.

10. **Disbursement Deadline; Termination; Cancellation; Refund**

10.1. It is expected that the Contribution funds will be fully disbursed by the Bank in accordance with the provisions of this Agreement by August 1, 2017. The Bank shall only disburse Contribution funds for the purposes of this Agreement after such date with the written approval of the Donors.

10.2. Any Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of the Donor’s pro rata share of any remaining balance of the Contribution funds that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreement.

10.3. Upon the final disbursement date specified in paragraph 10.1, the Bank shall return any remaining balance of the Contribution funds to the Donors on a pro rata basis. In the event of a cancellation of an individual Donor’s pro rata share of uncommitted Contribution funds in accordance with paragraph 10.2, the Bank shall return such cancelled balance to the Donor.

11. **Disclosure**
The Bank may disclose this Agreement and information on this trust fund in accordance with the Bank's policy on disclosure of information.