ADDENDUM NO 1 TO ADMINISTRATION AGREEMENT NO 2010/258-142

ADMINISTRATION AGREEMENT FOR EUROPEAN UNION CONTRIBUTIONS, AS REPRESENTED BY THE EUROPEAN COMMISSION, TO TRUST FUNDS

World Bank Group Trust Fund TF071590
"Improving Public Financial Management in the Western Balkans"

European Commission Trust Fund No 2010/258-142

The European Union, represented by the European Commission

('The Contracting Authority')

of the one part,

and

the World Bank Group
1818 H Street NW
Washington DC 20433
USA

("the Organisation")

of the other part,

have agreed as follows:

The following provisions of the contract TF071590 "Improving Public Financial Management in the Western Balkans" (CN 2010/258-142) concluded between the Contracting Authority and the Organization on 21/12/2010 the contract are hereby amended as follows:

Article 2

Entry into force, Implementation Period and Execution Period

Section 2.03. It is expected that the Contribution will be fully utilized in accordance with the provisions of this Administration Agreement by 30 November 2016 ("End Disbursement Date"). The End Disbursement Date can only be modified with the agreement of both Parties pursuant to Article 9 of the General Conditions.

Article 5

Communications and addresses

Any communication relating to this Administration Agreement shall be in writing, shall state the number and title of the trust fund, and shall use the following addresses.

Payment requests and attached reports, including requests for changes to bank account arrangements pursuant to Section 9.02 of the General Conditions, shall be sent to:

For the Commission:

Ms. Nicole SMITH
Head of Unit E3 – Finance and Contracts
DG Enlargement
Rue de la Loi 15  
B – 1000 Brussels  
Belgium

A copy of the reports referred to in Section 4.02 shall be sent to the European Commission in charge of monitoring the Project, at the following address:

Mr. Alberto COSTA  
Unit D3 – Regional Cooperation and Programmes  
DG Enlargement  
Rue de la Loi 15  
B – 1000 Brussels  
Belgium

For the World Bank Group:

Mr. Lewis HAWKE  
The World Bank  
1818 H Street NW  
Washington DC 20433  
USA  
Email: hawke@worldbank.org

Article 6
Annexes

The new version of Annex I – Description of the Project is attached to this addendum and forms an integral part thereof.

All other terms and conditions of the Contract remain unamended. This addendum shall enter into force on the later date of signature by the Parties.

For the Organization  
Name  
Samia MSADEK  
Title  
DIRECTOR, Public Resource Mobilization and Management  
Governance Global Practice  
Signature  
Date  
9. 9. 2014

For the Contracting Authority  
Name  
Morten JUNG  
Title  
HEAD OF UNIT (D3)  
Signature  
Date  
3 – 9 – 2014

Addendum N. 1 to the Administration Agreement N. 2010/258-142
ANNEX I

DESCRIPTION OF ACTIVITIES AND EXPENDITURES
UNDER THE TRUST FUND

The following is a description of the activities to be carried out under the trust fund, subject to such minor modifications as the Commission and the Bank may mutually agree from time to time by notice in writing provided that such modifications do not materially affect the scope of the activities and the objectives of the Project.

Objectives
The overall objective of the Trust Fund is to provide support to public authorities in the Western Balkans in order to achieve better use of resources within countries and improve accountability and transparency of public funds through better public financial management.

The purpose is provide a platform for systematic improvement of public financial management across the Western Balkans through coordinated action by donors, using a common diagnostic and analytical framework (PEFA methodology)\(^1\) to guide intervention and encourage cooperation and dialogue between Beneficiaries.

Location / Beneficiaries
The eligible Beneficiaries under the Trust Fund are Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia as well as Kosovo under UNSCR 1244/99 ("Beneficiary(ies)").

EU contribution
EUR 1,000,000.00

Duration
71 months. In any case, the final date of execution of the activities is 30 November 2016.

Activities
The project has three components:

1) Performing/ updating PEFA assessments, including:

- Support to government-led reviews of public financial management arrangements using the standard international measurement framework or related diagnostic and analytical tools;

- Analysis of PFM status by skilled professionals using PEFA or related methodology;

- Preparation and publication of reports on financial management performance.

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\(^1\) PEFA (Public Expenditure and Financial Accountability) is a partnership between the European Commission, the World Bank and other donors aiming to support integrated and harmonized approaches to assessment and reform in the field of public expenditure, procurement and financial accountability.

CN 2010/258-142
2) **Preparatory research, analysis and design of public financial management reform initiatives relating to one or more aspects of the PEFA framework**, including:

- Research, analysis and design of PFM reform action plan by government, in consultation with other development partners;
- Developing networks within governments to implement reforms relating to one or more aspects of the PEFA framework;
- Support for research to obtain deeper understanding of the results of diagnostic assessments, as well as identification and design of actions required to address weaknesses;
- Detailed analysis of specific areas of importance or concern and development of action plan to address concerns or build on achievements.

3) **Development of regional networks and bilateral/multi-lateral knowledge exchange on public financial management matters**, including:

- Analysis of progress and outcomes in specific jurisdictions as well as cross-cutting perspectives;
- Benchmarking and comparative analysis, involving studies of progress against specific indicators or groups of indicators or facilitation of working groups across jurisdictions to explore differences and identify practical actions to address weaknesses in one or more jurisdictions;
- Wider experience and knowledge sharing, including provision of forums for exchange of information and experience and joint activities to address common development priorities in public financial management across jurisdictions.

Specific activities could include funding of specific research, workshops or seminars of common interest, benchmarking of policies and practices, regional dialogue on techniques and lessons learned from reform experiences, staff exchange and mentoring/coaching on implementation of specific reform initiatives.

**Results**

Within and across those components the following results are expected to be achieved:

- Improved public financial management in each of the Beneficiaries as measured by the (PEFA) analytical framework covering budget credibility, comprehensiveness and transparency, policy-based budgeting, predictability and control of budget execution, accounting recording and reporting and external scrutiny and audit;
- More comprehensive and comparable information within and between Beneficiaries on the status of public financial management to guide reform priorities, policy development, internal and external dialogue and exchange of knowledge;
- Improved skills of recipient jurisdiction officials in analysis, interpretation and policy response on areas reform initiatives in financial management and accountability;
- High levels of cooperation and exchange of information on public financial management within and between donors and recipient jurisdictions resulting in better targeting of support and more effective interactions.