AMENDMENT No 2

to the Administration Agreement
for Part II Europe 2020 Programmatic
Single-Donor Trust Fund - Cyprus Implementation of
Public and PPP Investment Projects in Transport and Buildings (No TF072770)
(EC Contract No SRSS/S2016/024)

1. The European Union, represented by the EUROPEAN COMMISSION (the 'Donor'),
which is represented for the purposes of signing this amendment by Mary McCarthy,
Director, Structural Reform Support Service, of the one part, and

2. The INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Avenue Marnix 17, 2nd Floor
1000 Brussels
Belgium

(the "Bank"), represented for the purposes of the signature of this amendment by Arup
Banerji, Regional Director European Union, on the other part,

Having regard to the above-mentioned Administration Agreement signed on 21 December
2016 and the Amendment No 1 signed on 30 November 2017,

Whereas the Bank has requested the Donor to amend the above-mentioned Administration
Agreement for the following reason: to include a new item under Activity 2 of Component 1
and allow more time for the implementation of the activities financed by the Trust Fund.

HAVE AGREED AS FOLLOWS:

Article 1

The description of Activity 2 under Component 1 of Annex 1 to the Administration
Agreement is modified to read as follows:

“Activity 2: Preparation of methodology and excel evaluation spreadsheets

The Bank will develop user-friendly models in Excel spreadsheets with a clear identification
of inputs and outputs for:

- Cost-Benefit Analysis for Roads and Cost Effectiveness Analysis for administrative
buildings
• Multi-criteria analysis
• Public Sector Comparator for the estimation of the VfM

**Economic Analysis:** to accommodate the different type of projects the quantitative analysis developed in this activity will be executed through a Cost-Benefit Analysis (CBA) for roads delivered in an Excel model and through a Cost-Effectiveness Analysis (CE) implemented for administrative buildings. The use of a CE responds to the difficulty in the quantification of the economic benefits in the case of administrative buildings. Both methodologies, CBA and CE, serve for projects implemented by traditional procurement and PPP projects.

**Roads:**

The CBA Excel model developed by the Bank will be applied to a specific road project defined by the MTCW. The necessary information such as traffic, road network, and costs will be provided by the MTCW. In case that such information is not available, the Bank will provide some information for simulation purpose or another road project elsewhere comparable to the road in Cyprus.

This activity also encompasses a comprehensive Manual with a discussion and examples of methodologies that can be used to complement the CBA. In particular, the use of a Wider Economic Benefit approach to identify and measure potential benefits (and costs) that are not be captured by traditional a CBA.

The Bank will also provide a comprehensive Manual to guide the MTCW in the estimation of the road demand. This Manual will include a methodology to estimate the initial demand for roads (AADT by vehicle type) and its evolution over time in the form of a manual and a user-friendly Excel spreadsheet. The Manual will also provide examples for different approaches to formulate the expected future traffic demand for small to medium range road projects. In addition it will include the development of a survey and demand model adapted to the expected traffic and the investment criteria adopted by the MTCW in the definition of the project.

Finally, a user manual will be delivered for the CBA.

**Administrative Buildings:** The Bank will develop a Cost-Effectiveness Analysis in an Excel model applied to Administrative Buildings.

The methodology will be based in the identification of savings of capital and operational costs among the different investment options. The application of the methodology will be illustrated with an example provided by the MTCW. The necessary information will be provided by the MTCW. In case that such information is not available, the Bank will provide some information for simulation purpose or from another administrative building project elsewhere comparable in Cyprus.

Finally, a user manual will be delivered for the CE Analysis.

**Multi-Criteria Analysis (MCA):** The Bank will develop a comprehensive manual providing a methodology and some examples of MCA that can be applied to evaluate quantitative and qualitative indicators into a single indicator.
Value for Money analysis: The Bank will develop a Public Sector Comparator in a user friendly Excel model that can be applied to roads and administrative buildings. A second objective is to provide a methodology manual presenting a risk analysis framework and a checklist for project readiness.

The MTCW will provide a case study for each type of projects. The necessary information will be provided by the MTCW. In case that such information is not available, the Bank will provide some information for simulation purpose or from another project elsewhere comparable in Cyprus.

The Bank will assist the MTCW in the review of the international experience to identify and analyze different options of Public Private Partnership (PPP) business models for the delivery of housing (e.g.: the construction of a new building, the refurbishing of an existing one, or rental) and/or services (e.g.: maintenance, lighting and heating, catering services, ...) in administrative buildings.

The Bank will assist the MTCW in the analysis of the suitability of a PPP model for the Nicosia District Court. The methodology will be based on a qualitative and quantitative Value for Money analysis and an economic appraisal of the Nicosia District Court project through a Cost-Effectiveness Analysis methodology, considering the best available information provided by the MTCW.

The Bank will provide an example of roadmap for project preparation to tendering.

Deliverables of Activity 2:

2.1 A Cost-Benefit Analysis model for roads in an Excel friendly model and a user manual. The model will be applied to a road project as discussed above.

2.2 A methodology manual to guide the MTCW in the estimation of the road demand.

2.3 A manual presenting the methodology and examples that can be used to complement the CBA. In particular, it will present the methodology to assess the Wider Economic Benefit in order to identify and measure potential benefits (and costs) that are not be captured by traditional a CBA.

2.4 A Cost-Effectiveness Analysis model for Administrative buildings in an Excel friendly model and a user manual. The model will be applied to administrative building project as discussed above.

2.5 A methodology manual and an excel model with an example of Multi-criteria Analysis.

2.6 A manual including Value for Money Analysis (VfM) for PPP Projects (qualitative and a quantitative approach by a Public Sector Comparator). The quantitative VfM analysis will be prepared in the form of user-friendly models of Excel spreadsheet in accordance with a Public Sector Comparator. The Excel model will be applied to a road project and

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1 The assessment for administrative buildings will also consider the implication of different financial alternatives such as renting, leasing or buying over the project life-cycle considering the current and expected real estate market conditions and constraints.
administrative building project as discussed above. The VfM analysis will also include the risk analysis framework.

2.7 A report covering (i) different options of PPP business models for the delivery of housing/services in administrative buildings; (ii) a case study for the Nicosia District Court to illustrate the use of the CEA and VfM; and (iii) an example of roadmap for project preparation to tendering.

Article 2

The Section Reporting under point 2 of Annex 1 to the Administration Agreement is modified to read as follows:

"REPORTING

In addition to the progress reports referred to in Section 5.1 of the Annex 2 to this Agreement, the Bank will deliver the following reports, manuals, guidelines, spreadsheets, and training material:

1) An inception report providing main agreements reached between the MTCW and World Bank on the implementation of the two components, delivered at \( n+1 \) month (where \( n \) is the date of contract signature).

2) The reporting deliverables as specified under Component 1 – Activities 2, 3, 4 and 5, delivered at \( n+21 \) months.

3) The reporting deliverables specified under Component 2 – Activities 1 and 2, delivered at \( n+21 \) months."

Article 3

Section 6.1 of Annex 2 to the Administration Agreement is replaced by the following:

"It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by October 31, 2018 (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 Donor) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreement(s) of the Donor. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to the 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 the Donor, all calculated as Holding Currency amounts."

Article 4

All the other provisions of the Administration Agreement shall remain unchanged.
Article 5

The present amendment shall form an integral part of the Administration Agreement. It shall enter into force on the date on which it is signed by the last party.

SIGNATURES

For the Bank,

Arup Banerji
Regional Director
European Union

Signature: 
Date: 
June 25, 2018

For the Donor,

Mary McCarthy
Director

Signature: 
Date: 
27 Juin 2018

In duplicate in English.