Trust Fund Grant Agreement

(Teacher Education Improvement Project)

between

PALESTINE LIBERATION ORGANIZATION
(for the Benefit of the Palestinian Authority)

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(as Administrator of the Trust Fund for Gaza and West Bank)

Dated August 11, 2010
AGREEMENT, dated August 11, 2010 between the PALESTINE LIBERATION ORGANIZATION (the “Recipient”) (for the benefit of the Palestinian Authority) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the “World Bank”), acting as administrator (the “Administrator”) of the Trust Fund for Gaza and West Bank, established on October 19, 1993, by Resolution No. 93-11 and IDA 93-7, as amended by Resolution No. 95-6 and IDA 95-3 and Resolution No. 96-11 and IDA 96-7, and as further amended by Resolution No. 99-3 and IDA 99-2 and Resolution No. 03-193 and IDA 03-208 of the Executive Directors of the International Bank for Reconstruction and Development and the International Development Association (the “Trust Fund”).

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) has resolved, on July 10, 2009, to, inter alia, replenish the Trust Fund in the amount of fifty five million United States dollars (US$55,000,000), such amount to be transferred from the surplus of the International Bank for Reconstruction and Development and to be used for financing rehabilitation projects in parts of the Gaza Strip (“Gaza”) and the West Bank (the “West Bank”), which are under the jurisdiction of the Palestinian Authority;

(B) the Palestine Liberation Organization and the Government of the State of Israel have entered, on September 28, 1995, into an agreement which, among other things, sets out certain interim self-government arrangements in Gaza and the West Bank (the “Interim Agreement”);

(C) Section 5(b) of Article IX of the Interim Agreement authorizes the Palestine Liberation Organization to conduct negotiations and, in certain cases described thereunder, sign agreements with states and international organizations for the benefit of the Palestinian Authority; and

(D) the Palestinian Authority, on behalf of the Recipient, has requested the World Bank to assist in financing the project described in Schedule 1 to this Grant Agreement (the “Project”).

WHEREAS the World Bank has agreed, on the basis, among other things, of the foregoing to extend the Grant to the Palestine Liberation Organization, for the benefit of the Palestinian Authority, upon the terms and conditions set forth in this Grant Agreement.

The Recipient and the World Bank hereby agree as follows:
Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), with the modifications set forth in the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall cause the Palestinian Authority to carry out the Project through the MOEHE in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to five million United States Dollars (US$5,000,000) (“Grant”) to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
Additional Remedies
4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied in a manner and in form and substance satisfactory to the World Bank:

(a) The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action.

(b) The Subsidiary Agreement referred to in Section I.A.1 of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Palestinian Authority, as represented by the Minister of Finance of the Palestinian Authority.

(c) Each of the DSQ-TMT and the NIET-TMT has been adequately staffed and is operational.

(d) The PCU has been adequately staffed, including with experts in the areas of financial management, procurement and reporting, and is operational.

(e) The Steering Committee has been established.

(f) The OM has been finalized and adopted by the MOEHE.

(g) The MOEHE has provided baseline data in an acceptable form that would enable the MOEHE to assess performance of the decline in shortfall of qualified teachers at the primary level.

5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:
(a) on behalf of the Recipient, that this Agreement has been duly authorized or
ratified by, and executed and delivered on its behalf and is legally binding
upon it in accordance with its terms; and

(c) that the Subsidiary Agreement referred to in Section I.A.1 of Schedule 2 to
this Agreement has been duly authorized or ratified by the Recipient and
the Palestinian Authority and is legally binding upon each such party in
accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement
shall enter into effect on the date upon which the World Bank dispatches to the
Recipient notice of its acceptance of the evidence required pursuant to Section 5.01
(“Effective Date”). If, before the Effective Date, any event has occurred which
would have entitled the World Bank to suspend the right of the Recipient to make
withdrawals from the Grant Account if this Agreement had been effective, the
World Bank may postpone the dispatch of the notice referred to in this Section
until such event (or events) has (or have) ceased to exist.

5.04. **Termination for Failure to Become Effective.** This Agreement and all obligations
of the parties under it shall terminate if it has not entered into effect by the date
ninety (90) days after the date of this Agreement, unless the World Bank, after
consideration of the reasons for the delay, establishes a later date for the purpose of
this Section. The World Bank shall promptly notify the Recipient of such later
date.

**Article VI**

**Recipient’s Representative; Addresses**

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard
Conditions is the Minister of Finance of the Palestinian Authority.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions
is:

Ministry of Finance of the Palestinian Authority
Ramallah
West Bank

Telephone: 970-2-297 8846  Facsimile: 970-2-297 8845
6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS              Telex: 248423 (MCI) or 1-202-477-6391
       Washington, D.C.  64145 (MCI)

AGREED at Ramallah as of the day and year first above written.

PALESTINE LIBERATION ORGANIZATION
(for the Benefit of the Palestinian Authority)

By /s/ Salam Fayyad
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
(as Administrator of the Trust Fund for Gaza and West Bank)

By /s/ Dina Abu-Ghaida
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve the competencies and skills of class teachers teaching grades one to four in West Bank and Gaza thereby contributing to enhancing student learning in primary schools.

The Project consists of the following parts:

Part 1: Strengthening school-based practice of pre-service teacher education programs

1. Technical assistance and capacity building to assist the MOEHE and HEIs in the design, testing, implementation and evaluation of school-based practicum programs for teacher training using well established international good practices (“Practicum Programs”).

2. Delivery of the Practicum Programs by HEIs and support to HEIs for the delivery and supervision of the Practicum Programs through the provision of consultants’ services, capacity building and technical assistance.

3. Support to Participating Schools through the provision of capacity building, training of selected staff and the upgrading of necessary teaching equipment and learning materials.

4. Technical assistance, capacity building and training to support the DSQ-TMT during project implementation.

Part 2: Upgrading academic and professional teaching qualification of under-qualified class teachers

1. Technical assistance and capacity building to the MOEHE and HEIs to assist in:

   (a) the preparation of tools to carry out a skills and competency assessment of class teachers;

   (b) the design and administration of a modular program to train selected teachers in order to enable them to upgrade their skills (“Training Program”);

   (c) the evaluation of the Training Program and the preparation of a plan for scaling up the implementation and delivery of the Training Program; and
(d) the training of selected staff responsible for training teachers under the Training Program.

2. Delivery of the Training Program by HEIs and development and printing of training materials.

3. Carrying out a communications and awareness campaign to inform teachers about the Training Program.

5. Technical assistance, capacity building training and financing of incremental operating costs to support the NIET-TMT during project implementation.

Part 3: Project management and implementation support

Project management and implementation support to the MOEHE:

(a) in the areas of procurement, financial management and project administration through the provision of consultants’ services and training for the PCU; and

(b) the financing of incremental operating costs.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Palestinian Authority under a subsidiary agreement (“Subsidiary Agreement”) between the Recipient and the Palestinian Authority, under terms and conditions approved by the World Bank.

2. The Recipient shall cause the Palestinian Authority: (i) to perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority therein set forth; (ii) to take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the Project; and (iii) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Institutional and other Arrangements

1. The Recipient shall, through the Palestinian Authority, cause the MOEHE to maintain overall responsibility for the Project including adequate compliance with the World Bank’s fiduciary requirements and to carry out the Project in accordance with the OM, the Procurement Plan and the Disbursement Plan and shall not amend, suspend, abrogate, repeal or waive any provision of the OM, the Procurement Plan and the Disbursement Plan without prior approval of the World Bank.

2. To assist in the MOEHE’s performance of the fiduciary functions, the Recipient shall, through the Palestinian Authority, cause the MOEHE to maintain the PCU in a form and with functions, staffing and resources satisfactory to the World Bank (including specialists in procurement, financial management, and accounting). The PCU shall have responsibility for the fiduciary implementation and management, including procurement and financial management, of the Project, in accordance with the OM. The PCU shall also function as the secretariat of the Steering Committee.
3. To assist in the MOEHE’s coordination of the technical implementation of the Project and its activities, the Recipient shall, through the Palestinian Authority, cause the MOEHE to maintain each of the DSQ-TMT and the NIET-TMT in a form and with functions, staffing and resources satisfactory to the World Bank. The DSQ-TMT shall have responsibility for the technical implementation, oversight and management of Part 1 of the Project and the NIET-TMT shall have responsibility for the technical implementation, oversight and management of Part 2 of the Project. Each of the DSQ-TMT and the NIET-TMT shall carry out its functions in accordance with the OM.

4. The Recipient shall, through the Palestinian Authority, cause the MOEHE’s MED to be responsible for the monitoring and evaluation of the Project and to carry out overall monitoring and evaluation of Project activities. To this end, the MED shall be assisted by the MOEHE’s Assessment and Evaluation Department.

5. The Recipient shall, through the Palestinian Authority, cause the MOEHE to maintain the Steering Committee and to cause the Steering Committee to be responsible for overall coordination, guidance and oversight of the Project.

6. The Recipient, through the Palestinian Authority, shall cause the MOEHE to ensure that:

   (a) the DSQ-TMT causes each relevant selected HEI to appoint a teaching practice team to participate in the implementation of Part 1 of the Project, in consultation with the DSQ-TMT and in accordance with the OM (including with the time frames for such appointment related to each HEI set forth therein); and

   (b) the NIET-TMT causes each relevant selected HEI to appoint an education faculty team to participate in the implementation of Part 2 of the Project, in consultation with the NIET-TMT and in accordance with the OM (including with the time frames for such appointment related to each HEI set forth therein).

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through the Palestinian Authority, shall cause the MOEHE to monitor and evaluate the progress of the Project and prepare Project Reports in
accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar year, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient, through the Palestinian Authority, shall cause the MOEHE to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall ensure that the Financial Statements for the Project are audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”) in the case of goods, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services; and
11

(b) the provisions of this Section III, as the same shall be elaborated in the
Procurement Plan.

2. Definitions. The capitalized terms used below in this Section to describe
particular procurement methods or methods of review by the World Bank of
particular contracts, refer to the corresponding method described in the
Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. International Competitive Bidding. Except as otherwise provided in paragraph
2 below, goods shall be procured under contracts awarded on the basis of
International Competitive Bidding.

2. Other Methods of Procurement of Goods. The following table specifies the
methods of procurement, other than International Competitive Bidding, which
may be used for procurement of goods. The Procurement Plan shall specify the
circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>

The procedures to be followed for National Competitive Bidding under
this paragraph shall include the following additional procedures:

(i) public enterprises in parts of the West Bank and Gaza under the
jurisdiction of the Palestinian Authority shall be eligible to
participate in bidding only if they can establish that they are
legally and financially autonomous, operate under commercial
law, and are not a dependent agency of the Palestinian Authority;

(ii) foreign bidders shall be eligible to participate under the same
conditions as local bidders. In particular, no preference over
foreign bidders shall be granted to local bidders in bid evaluation;

(iii) invitations to bid shall be advertised on at least two (2)
consecutive days in a local newspaper of wide circulation, and
prospective bidders shall be allowed a minimum of thirty (30) days between the date on which the notification appears for the first time and the deadline for bid submission. With the specific approval of the World Bank, this minimum period of thirty (30) days may be reduced to a minimum period of ten (10) days in the case of emergency operations;

(iv) qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. Bids of bidders not meeting such criteria shall be rejected as non-qualified. The fact that a bidder meets or surpasses the specified qualification criteria shall not be taken into account in the evaluation of such bidder’s bid;

(v) evaluation criteria shall be clearly specified in the bidding documents, and all evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only criteria so specified, shall be used in bid evaluation. Merit points shall not be used in bid evaluation;

(vi) if classification of contractors is required, contractors that have not yet been classified but meet the required qualifications shall be enabled to obtain the necessary classification during the bidding procedures. Any contractor that has been classified in a class higher than the lowest class shall not be restricted to bidding in his own class but shall be eligible also to bid in any lower class;

(vii) bids shall be submitted in sealed envelopes and shall be accepted whether mailed or hand-carried;

(viii) bids shall be opened in the presence of bidders who wish to attend, and immediately after the deadline for bid submission. Said deadline, and the place of bid opening, shall be announced in the invitation to bid. The name of each bidder, and the amount of his bid, shall be read aloud and recorded when opened in the minutes of bid opening. The minutes of bid opening shall be signed by the members of the bid opening committee immediately after bid opening;

(ix) bids received after the deadline for bid submission shall be returned to the bidders unopened;
a bid containing material deviations from or reservations to the terms, conditions and specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened;

the bid evaluation shall be carried out in strict adherence to the criteria specified in the bidding documents, and the contract shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid;

a bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify his bid as originally submitted;

there shall be no post-bidding negotiations with the lowest or any other bidder; and

until standard bidding documents acceptable to the World Bank have been introduced by the Recipient, the standard bidding documents of the World Bank shall be used.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for procurement of consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single-source Selection</td>
</tr>
</tbody>
</table>
D. Review by the World Bank of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, and</td>
<td>4,909,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training under Parts 1, 2 and 3 of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Incremental Operating Costs and</td>
<td>91,000</td>
<td>100%</td>
</tr>
<tr>
<td>audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,000,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this table:

(a) “Training” means training activities (other than consultants’ services) to be carried out under the Project, as approved by the World Bank,
including the reasonable and necessary local and international travel incurred by participants in training seminars, workshops and study tours, as well as reasonable lodging, subsistence, local and international per diem allowances, registration, tuition and facilitators’ fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and the study tour activity, as may be agreed with the World Bank; and

(b) “Incremental Operating Costs” means incremental costs incurred by the MOEHE under the Project on account of: (i) operation and maintenance of office equipment; (ii) transportation and travel costs associated with Project implementation including per diem allowances for Project staff in travel status; (iii) rental of office space; (iv) office supplies, utilities and office administration, including translation, printing and advertising costs; (v) communication costs; (vi) reasonable bank charges; (vii) costs of carrying out meetings (ix) costs of printing materials for the carrying out of the communication and awareness campaign and (viii) costs of printing of data collection instruments, but excluding salaries of officials of the Recipient’s civil service.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2015.
APPENDIX

Section I: Definitions


2. “Disbursement Plan” means the work plan dated December 7, 2009, setting forth the projected disbursement targets and modalities for disbursements under the Project.

3. “DSQ-TMT” means the task management team within the MOEHE’s Directorate General for Supervision and Qualifications referred to in Section 5.01 (c) of this Agreement.

4. “HEI” means higher education institutions, teacher training institutions, and teacher colleges participating in carrying out and implementing Project activities, as selected in accordance with the criteria set forth in the OM.

5. “Ministry of Finance” means the Ministry of Finance of the Palestinian Authority and includes any successor thereto.

6. “MOEHE” means the Ministry of Education and Higher Education of the Palestinian Authority and includes any successor thereto.

7. “MED” means the monitoring and evaluation department within the Directorate General of Planning within MOEHE, responsible for the monitoring and evaluation of the Project.

8. “NIET-TMT” means the task management team within the MOEHE’s National Institute of Education Training referred to in Section 5.01 (c) of this Agreement.

9. “OM” means the operations manual to be adopted by the MOEHE and referred to in Section I.B.1 of Schedule 2 to this Agreement, satisfactory to the World Bank, setting forth the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures and other fiduciary and administrative arrangements, as well as institutional arrangements, consistent with the provisions of this Agreement and with applicable laws and regulations, including selection and eligibility criteria for the selection of HEIs, Participating Schools, staff eligible for training.
activities, and necessary terms of reference, as the same may be amended from
time to time by agreement with the World Bank.

10. “Participating Schools” means schools hosting the Practicum Programs and
participating in the implementation of Part 1 of the Project, as selected in
accordance with the criteria set forth in the OM.

11. “PCU” or “Project Coordination Unit” means the project coordination unit within
the MOEHE to be maintained pursuant to Section I.B.2 of Schedule 2 to this
Agreement.

12. “Procurement Plan” means the Recipient’s procurement plan for the Project,
dated December 7, 2009, and referred to in paragraph 1.16 of the Procurement
Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be
updated from time to time in accordance with the provisions of those paragraphs.

13. “Steering Committee” means the entity responsible for general oversight of the
Project, chaired by the Minister of Education or a designee of the Minister of
Education, and composed of the director general of MOEHE’s Directorate
General for Supervision and Qualifications, the director general of the MOEHE’s
National Institute of Education Training, the chairperson of the Commission for
Developing the Teaching Profession, the head of the Accreditation and Quality
Assurance Commission, the head of the MED and two representatives of selected
HEIs on a rotating basis.

14. “Subsidiary Agreement” means the agreement referred to in Section I.A of
Schedule 2 to this Agreement pursuant to which the Recipient shall make the
proceeds of the Grant available to the Palestinian Authority.

Section II: Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 2.09 is amended to read as follows:

   “Section 2.09. Visits. The Recipient shall, throughout the implementation of the
   Project and for a period of ten (10) years thereafter:

   (a) enable representatives of the World Bank to visit any part of the West
   Bank and Gaza under the jurisdiction of the Palestinian Authority for purposes related to
   the Grant; and

   (b) enable the World Bank’s representatives: (i) to visit any facilities and
   sites included in the Project; and (ii) to examine the goods financed out of the proceeds of
the Grant, and any documents relevant to the performance of its obligations under the Grant Agreement.”

2. Sub-section (a) of Section 3.07 is amended to read as follows:

“Section 3.07. Financing Taxes.

(a) The Grant Agreement may specify that the proceeds of the Grant may not be withdrawn to pay for Taxes levied by, or in the parts of West Bank and Gaza under the jurisdiction of the Palestinian Authority on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the World Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant specified in the Grant Agreement, as required to ensure consistency with such limitation on withdrawals.”

3. Sub-sections (a) and (h) of Section 4.02 are deleted, and consequently, Sub-sections (b) through (k) are re-lettered as Sub-sections (a) through (i).

4. Re-lettered Sub-section (b) of Section 4.02 is amended to read as follows:

“(b) Fraud and Corruption. At any time, the World Bank determines that any representative of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any other recipient of any of the proceeds of the Grant) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Grant, without the Recipient (or any such agency thereof or any such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority or any other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

5. Re-lettered Sub-section (c) of Section 4.02 is amended to read as follows:

“(c) Cross Suspension. IBRD or IDA has suspended in whole or in part the right of the Recipient or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient, or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to perform any of its obligations under such agreement or any other agreement with IBRD or IDA.”

6. Re-lettered Sub-section (f) of Section 4.02 is amended to read as follows:

“(f) Assignment of Obligations; Disposition of Assets. The Recipient or any other entity responsible for implementing any part of the Project has, without the consent
of the World Bank: (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Grant Agreement; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Grant; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the World Bank: (A) do not materially and adversely affect the ability of the Recipient (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Grant Agreement or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Recipient (or such other entity).”

7. Re-lettered Sub-section (g) of Section 4.02 is amended to read as follows:

“(g) **Condition of Recipient.** If the Grant has been made to a Recipient which is not a member of IBRD:

(i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Recipient (or of any other entity responsible for implementing any part of the Project).

(ii) The Recipient (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of the Grant Agreement.

(iii) In the opinion of the World Bank, the legal character, ownership or control of the Recipient (or any other entity responsible for implementing any part of the Project) has changed from that prevailing as of the date of the Grant Agreement so as to materially and adversely affect the ability of the Recipient (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Grant Agreement, or to achieve the objectives of the Project.”

8. Re-lettered Sub-section (h) of Section 4.02 is amended to read as follows:

“(h) **Ineligibility.** IBRD or IDA has declared the Recipient ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA.”

9. Sub-section (c) of Section 4.03 is amended to read as follows:
“(c) Fraud and Corruption. At any time, the World Bank determines, with respect to any amount of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any other recipient of the proceeds of the Grant) without the Recipient (or any such agency thereof or any such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any such other recipient of the proceeds of the Grant) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

10. Sub-section (a) of Section 4.05 is amended to read as follows:

“(a) If the World Bank determines that an amount of the Grant has been used in a manner inconsistent with the provisions of the Grant Agreement or these Standard Conditions, the Recipient shall, upon notice by the World Bank to the Recipient, promptly refund such amount to the World Bank. Such inconsistent use shall include, without limitation:

(i) use of such amount to make a payment for an expenditure that is not an Eligible Expenditure; or

(ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount, or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or other recipient of such amount of the Grant), in either case without the Recipient (or such agency thereof or such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

11. Sub-section (j) of Section 5.03 is amended to read as follows:

“(j) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Grant Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section.”
12. Paragraph (17) of the Appendix is deleted and, consequently, paragraphs (18) through (26) are re-numbered as paragraphs (17) through (25).