Global Partnership on Output-based Aid
Grant Agreement

(Pilot Solid Waste Management Project in the West Bank)

between

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

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of Funds Provided by the International Finance Corporation under the Global Partnership on Output-based Aid

Dated September 4, 2013
GPOBA GRANT NUMBER TF015321

GLOBAL PARTNERSHIP ON OUTPUT-BASED AID
GRANT AGREEMENT

AGREEMENT dated September 4, 2013, entered into between the PALESTINE LIBERATION ORGANIZATION (for the benefit of the Palestinian Authority) (“Recipient”); and THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as an administrator of funds provided by the International Finance Corporation (“Donor”) under Global Partnership on Output-based Aid (“GPOBA”).

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 February 15, 2012 (“Standard Conditions”), with the modifications set forth in Section II of 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 (including Section I of the Appendix thereto).

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule I to this Agreement (“Project”). To this end, the Recipient shall cause the JSC-H&B to carry out the Project in accordance with the provisions of Article II of the Standard Conditions and this Agreement.

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 eight million two hundred fifty six thousand six hundred and twenty-three United States Dollars ($8,256,623) ("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.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) The Recipient has: (i) amended the Project Operational Manual so as to, in the opinion of the World Bank, affect materially and adversely the carrying out of the Project; or (ii) changed in any other way the output-based approach of the Project design without prior agreement of the World Bank.

(b) The World Bank has determined after the Effective Date 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 have been duly authorized or ratified by all necessary governmental and corporate action.

(b) The Subsidiary Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed between the Recipient and the Palestinian Authority.

(c) On-Granting Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed between the Palestinian Authority and the JSC-H&B.

(d) A Concession Agreement has been executed between JSC-H&B and a private operator for the management and operation of the Al Minya landfill and related facilities.

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

(b) the Subsidiary Agreement referred to in Section I. A 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.

(c) the On-Granting Agreement referred to in Section I. A of Schedule 2 to this Agreement has been duly authorized or ratified by the Palestinian Authority and JSC-H&B 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 4.01 ("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. 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 8846/7/8
Facsimile: 970-2-297 8845

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 1-202-477-6391
Facsimile: 64145 (MCI)
AGREED at the West Bank, as of the day and year first above written.

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

By

Authorized Representative

Name: Shukry Bishara

Title: Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
AND INTERNATIONAL DEVELOPMENT
ASSOCIATION
(act as an administrator of funds provided by
the International Finance Corporation under
Global Partnership on Output-based Aid

By

Authorized Representative

Name:

Title: ____________________________
SCHEDULE 1
Project Description

The objective of the Project is to improve access to quality and financially sustainable solid waste management services in Hebron and Bethlehem governorates.

The Project consists of the following parts:

Part 1 – Service Delivery Output-based Aid Subsidy

Provision of OBA Subsidies to Participating Municipalities, Village Councils and Joint Services Councils in the form of credits against their solid waste final disposal bills to support the cost of adequate delivery of solid waste management services.

Part 2 – Independent Verification

Financing of services of the Independent Verification Agent with the responsibility to verify the service delivery performance of Participating Municipalities, Village Councils and Joint Services Councils.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement and On-Granting 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, which shall include the following:

   (a) the Palestinian Authority shall on-grant the proceeds of the Grant to the JSC-H&B under an on-granting agreement ("On-Granting Agreement") to be entered into between the Palestinian Authority and the JSC-H&B under terms and conditions approved by the World Bank; and

   (b) the Palestinian Authority shall: (i) perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority set forth in the Subsidiary Agreement; (ii) 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 take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

2. The Recipient shall exercise its rights under the Subsidiary Agreement and shall cause the Palestinian Authority to exercise its rights under the On-Granting Agreement in such manner as to protect the interests of the Recipient, the Palestinian Authority 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 and the Recipient shall cause the Palestinian Authority not to assign, amend, abrogate or waive the On-Granting Agreement or any of its provisions.

B. Technical Operations Unit

1. The Recipient shall, through the Palestinian Authority, cause JSC-H&B to ensure that TOU is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the World Bank.

2. Without limitation upon the provisions of paragraph 1 above, TOU shall be responsible for day to day implementation of the Project, including procurement, financial management, disbursement, monitoring, evaluation and reporting
activities, under such administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project and set forth in this Agreement and in the Project Operational Manual.

C. Project Operational Manual

1. The Recipient shall cause the JSC-H&B to carry out the Project in accordance with the terms and procedures set forth in the Project Operational Manual. Except as the World Bank shall otherwise agree, the Recipient, through JSC-H&B, shall not amend, waive or fail to enforce the Project Operational Manual or any provision thereof. In case of any conflict between the terms of this Agreement and those of the Project Operational Manual, the terms of this Agreement shall prevail.

2. The Project Operational Manual shall include provisions detailing procedures and guidelines for the carrying out of the Project, including, *inter alia*:

   (a) procedures for the preparation, review and approval of reports pursuant to the Project's financial management arrangements;

   (b) procurement procedures consistent with Schedule 2 to this Agreement, to be applicable to the contracts for consultants' services required for the Project and to be financed out of the proceeds of the Grant;

   (c) Project performance indicators and the procedures for independent verification of achievement of OBA Targets;

   (d) overall monitoring and evaluation of the Project;

   (e) procedures for preparation, review and approval of withdrawal applications, in conformity with the instructions that the World Bank may give to the Recipient in this respect;

   (f) eligibility criteria for selection of Participating Municipalities, Village Councils and Joint Services Councils, containing detailed arrangements and procedures for: (i) execution of Participation Commitment Letters between JSC-H&B and Participating Municipalities, Village Councils, (ii) terms and conditions of provision of OBA Subsidies under Part 1 of the Project, (iii) verifying OBA Targets, and (iv) disbursement arrangements for such OBA Subsidies; and

   (g) maximum amount of OBA Subsidies to be financed under Part 1 of the Project.
D. **Independent Verification Agent**

The Recipient, through JSC-H&B, shall:

(a) hire an Independent Verification Agent in accordance with the provisions of Section III of this Schedule 2;

(b) cause the Independent Verification Agent to carry out Independent Technical and Financial Verification Reports confirming results reported by JSC-H&B regarding achievement of OBA Targets by the Participating Municipalities, Village Councils and Joint Services Councils. Each report shall cover the period of six (6) months and shall be furnished to JSC-H&B not later than thirty (30) days after the end of the period covered by such report; and

(c) not authorize OBA Subsidies to Participating Municipalities, Village Councils and Joint Services Councils unless JSC-H&B has received an Independent Technical and Financial Verification Report for the relevant reporting period, acceptable to JSC-H&B and the World Bank, showing that such Participating Municipality or the Village Council has achieved required OBA Targets as specified in the Project Operational Manual.

E. **Safeguards**

The Recipient shall cause JSC-H&B to:

(a) to adopt the ESMP in form and substance satisfactory to the World Bank not later than twelve (12) months from the date of this Agreement and thereafter not to amend, suspend, abrogate, repeal, waive or assign any provision of the ESMP with the prior written consent of the World Bank;

(b) ensure that throughout the duration of the Project it is carried out in compliance with the ESMP and the applicable International Finance Corporation’s Performance Standards, as specified in the Project Operational Manual, and promptly inform the World Bank about any issues that impact or could impact the implementation of the requirements of the ESMP or the Project Operational Manual; and

(c) take all measures necessary on its part to regularly collect, compile and submit to the World Bank, on a semi-annual basis, and as part of the verification reports due under the Project, information on the status of compliance with the ESMP, including: (i) measures taken in furtherance of the ESMP; (ii) conditions, if any, which interfere or threaten to
interfere with the smooth implementation of the ESMP; and (iii) remedial measures taken or required to be taken to address such conditions.

F. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

G. Donor Visibility and Visits

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting, and Evaluation

A. Project Reports

1. The Recipient shall, cause the JSC-H&B, through the TOU, 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 the indicators acceptable to the World Bank and set forth in the Project Operational Manual. Each Project Report shall cover the period of six (6) months, 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 shall cause the JSC-H&B, through the TOU, 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 (6) 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, through the Palestinian Authority, cause the JSC-H&B, through the TOU, to ensure that quarterly 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, through the Palestinian Authority, cause the JSC-H&B, through the TOU, to prepare financial statements and have these statements 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 (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Consultant Guidelines.** Consultants’ 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) Sections I and IV of the Consultant Guidelines; and

   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.25 of the Consultant Guidelines (“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 Sections II, III, IV and V of the Consultant Guidelines.

**B. 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Single-source Selection of consulting firms; (c) Selection of Individual Consultants; and (d) Single-source procedures for the Selection of Individual Consultants.
C. **Review by the World Bank of Procurement Decisions**

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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) OBA Subsidies under Part 1 of the Project</td>
<td>8,006,623</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultant Services, including audit</td>
<td>250,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>8,256,623</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement; and
(b) for payments under Category (1) unless the Recipient, through JSC-H&EB, has hired an Independent Verification Agent as provided for in Part D of Section I of this Schedule 2.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2017.
APPENDIX

Section I. Definitions


2. “ESMP” means satisfactory to the World Bank environmental and social management plan to be adopted by the JSC-H&B pursuant to paragraph 1 of Part E of Section I of Schedule 2 to this Agreement and setting out the actions, measures, monitoring arrangements and other activities to be undertaken by participating municipalities to mitigate adverse environmental and social impacts of the implementation of the Project, as such plan may be amended from time to time with the prior consent of the World Bank.

3. “Independent Verification Agent” means the independent verification agent to be appointed by the Recipient to carry out verification of compliance of OBA Targets by the Participating Municipalities, Village Councils and Joint Services Councils with the requirement and standards set forth in Part D of Section I of Schedule 2 to this Agreement and in the Project Operational Manual.

4. “Independent Technical and Financial Verification Report” means the semi-annual reports to be submitted to the Recipient by the Independent Verification Agent as provided for in Part D of Section I of Schedule 2 to this Agreement, verifying the solid waste management services provided by the Participating Municipalities, Village Councils and Joint Services Councils meet the agreed minimum performance criteria set forth in the Project Operations Manual.


8. “OBA Subsidies” means the subsidies in the form of credits to be provided to the Participating Municipalities, Village Councils and Joint Services Councils against their solid waste final disposal bills based on their performance for achieving OBA Targets and for delivering quality primary solid waste management service to households in Hebron and Bethlehem, as calculated in
accordance with the criteria and formula set forth in the Project Operational Manual.

9. "On-Granting Agreement" means the agreement referred to in Section 1.A of Schedule 2 to this Agreement pursuant to which the Palestinian Authority shall make the proceeds of the Grant available to the JSC-H&B.

10. "OBA Targets" means the output-based aid targets that will trigger the OBA Subsidies to Participating Municipalities, Village Councils and Joint Services Councils, as such targets further defined the Project Operational Manual.

11. "Participating Municipalities, Village Councils and Joint Services Councils" means the municipalities, village councils and Joint Services Councils for Planning and Development responsible for providing the solid waste management services to the households in Hebron and Bethlehem governorates which have signed the Participation Commitment Letter with JSC-H&B.

12. "Participation Commitment Letter" means a letter to be signed between a Participating Municipality or Village Council and JSC-H&B, which details the right and obligations of the respective Participating Municipality or Village Council and JSC-H&B with regard to the Project implementation.

13. "Project Operational Manual" means the manual, satisfactory to the World Bank, adopted by the Recipient for the purposes of the Project and referred to in Section 1.C of Schedule 2 to this Agreement, as the same manual may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such manual.

14. "Subsidiary Agreement" means the agreement referred to in Section 1.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Palestinian Authority.

15. "Technical Operations Unit" or "TOU" means the technical operations unit within the JSC-H&B responsible for the implementation of the Project and referred to in Section 1.B of Schedule 2 to this Agreement.

Section II. Modification 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 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 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).